

The role of locus of control in moderating the effect of auditor's independence and professional skepticism on audit quality

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ABSTRACT

Locus of control (LoC) is an individual's belief in the control of events that can be caused by factors within the individual (internal LoC) and/or factors from outside the individual (external LoC). This study aims to examine the effect of auditor's independence and professional skepticism on audit quality and find out the role of locus of control (LoC) in moderating the effect of auditor's independence and professional skepticism on audit quality. An online survey is conducted on 67 respondents (auditors) working at the Big-Four Accounting Firms. This research is a quantitative research with the aim to test the hypotheses. The method used to quantify data is to give weight or attributes in the form of numbers to the data so that it can be processed using modeling and quantitative tools. The results show that auditor's independence and professional skepticism have a positive effect on audit quality. Internal locus of control strengthens the effect of auditor's independence and professional skepticism on audit quality. Conversely, the external locus of control weakens the effect of auditor's independence and professional skepticism on audit quality. The results of this study indicate that auditors often face external pressure during the audit process, which has negative consequences for the quality of audited financial reports.

ABSTRAK

Locus of control (LoC) merupakan keyakinan individu terhadap kendali atas kejadian yang dapat disebabkan oleh faktor dari dalam diri individu (LoC internal) dan/atau faktor dari luar diri individu (LoC eksternal). Penelitian ini bertujuan untuk menguji pengaruh independensi dan skeptisisme profesional auditor terhadap kualitas audit dan mengetahui peran locus of control (LoC) dalam memoderasi pengaruh independensi dan skeptisisme profesional auditor terhadap kualitas audit. Survei online dilakukan terhadap 67 responden (auditor) yang bekerja pada Kantor Akuntan Big-Four. Penelitian ini merupakan penelitian kuantitatif dengan tujuan untuk menguji hipotesis. Cara yang digunakan untuk mengkuantifikasi data adalah dengan memberikan bobot atau atribut berupa angka pada data tersebut agar dapat diolah dengan menggunakan pemodelan dan alat kuantitatif. Hasil penelitian menunjukkan bahwa independensi dan skeptisisme profesional auditor berpengaruh positif terhadap kualitas audit. Locus of control internal memperkuat pengaruh independensi dan skeptisisme profesional terhadap kualitas audit. Sebaliknya, locus of control eksternal memperlemah pengaruh independensi dan skeptisisme profesional terhadap kualitas audit. Hasil penelitian ini menunjukkan bahwa auditor sering menghadapi tekanan eksternal selama proses audit, yang berdampak negatif terhadap kualitas laporan keuangan yang diaudit.

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1. INTRODUCTION

According to DeAngelo (1981) and Watkin & Morecoft (2004), audit quality is the probability of an auditor finding and reporting a violation in the client's accounting system. Auditors must detect fraud, errors and material misstatements, collect supporting evidence, and disclose findings during the audit. Audited financial statements are needed by internal parties in making decisions according to company conditions and by external parties, such as investors, in making investment decisions. Therefore, the survival of a company is determined by how the auditor conducts the audit and the quality of the audit obtained.

A case related to audit quality occurred at SNP Finance in 2018. SNP Finance's management had falsified data and manipulated financial reports by creating fictitious receivables through fictitious sales. At that time the SNP Finance auditors failed to detect the fraud, causing losses to many parties. The Center for Financial Profession Development (PPPK) states that there are indications of violations of professional standards in auditing SNP Finance, such as a lack of auditor independence (where financial statements were audited for five years) and a lack of auditor professional skepticism in examining SNP Finance's financial statements. Independence is necessary so that the auditor is always objective and impartial even though he or she has had a long relationship with the client. In addition, the auditor must have strong professional skepticism to not easily believe the client's statements and always question and evaluate audit evidence to obtain an adequate level of confidence.

Independence has an effect on audit quality (Akmala, 2019; Lamba et al., 2020; Rahmina and Agoes, 2014; and Santosa, 2021). Independence is an attitude or action that is impartial and not influenced by other parties (SPKN, 2017). An auditor must be independent in conducting examination. He must be objective and impartial to anyone so that he can produce a quality audit. However, several studies have shown different results that independence has no effect on audit quality (Aflaha, 2018; Febriyanti (2014); Priscilla, 2017; Syafitri (2014); Tjun et al., (2012).

Professional skepticism has an effect on audit quality (Hai et al., 2020; Kusumawati and Syamsuddin, 2018); Mardijuwono and Subianto, 2018; Nugrahaeni et al., 2008; and Puspitasari et al. (2019). Professional skepticism is constantly questioning and evaluating audit

evidence. Professional skepticism does not mean not believing, but looking for evidence of client statements. Professional skepticism refers to a constantly questioning mind and critical evaluation of audit evidence during an examination. However, several studies have shown different results that professional skepticism has no effect on audit quality (Triono, 2021; Eka and Helmy, 2019; Nandari and Latrini, 2015).

Differences in the results of previous studies indicate that there are certain factors that can determine the effect of independence and professional skepticism of auditors on audit quality. According to Hurtt (2008), the independence and professional skepticism of auditors are influenced by the individual characteristics of each auditor. One of the individual characteristics that can influence ethical decision making in organizations is locus of control (Trevino, 1986).

Locus of control (LoC) is a picture of a person's belief in the control of events in his life whether caused by factors within or outside himself (Rotter, 1966). There are two types of locus of control: internal locus of control and external locus of control. According to the theory of planned behavior (Ajzen, 1991), the intention that arises from individuals to behave is caused by internal factors in the form of individual characteristics and external factors in the form of situational factors. According to Trevino (1986), individual characteristics, such as locus of control, affect ethical decisions: independence and professional skepticism. So, it can be concluded that a person's behavior or ethical decision making is based on internal locus of control and external locus of control.

Research conducted by Lamba et al. (2020), Rahmina and Agoes (2014), Tjun and Setiawan (2012), Hai et al. (2020), Triono (2021) did not consider the locus of control variable when testing the effect of independence and professional skepticism on audit quality. Therefore, the purpose of this study is to add the locus of control variable to be a moderating variable in examining the effect of independence and professional skepticism on audit quality.

2. THEORITICAL FRAMEWORK AND HYPOTHESIS

Theory of Planned Behavior

The theory of planned behavior put forward by Ajzen (1991) states that individual's internal and external factors may arise the intention to

behave. The theory is used to predict whether individuals will perform or not perform a behavior. When an individual is going to do something, he will consider the factors that can influence the outcome of the behavior, whether it is easy or difficult to do or whether it meets other people's expectations.

The theory of planned behavior illustrates that individual's behavior can change depending on the situation and the type of behavior to be performed. This theory raises the variable of locus of control (LoC).

Deontological Ethical Theory

Deontology derives from the Greek word *deon*, which means duty or something obligatory. Kant (1996) argues that one must act on duty (*deon*) if he wants to do something morally right. A person's actions are considered good or bad depending on how they are carried out. Actions are considered good or reasonable if they are carried out based on the obligations. Otherwise, actions are considered bad or immoral if they are carried out not based on obligations.

The deontological theory raises independence and professional skepticism in this study. Auditors must perform audit by following the obligations (independence, and professional skepticism) of audit norms and morals.

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 audit because auditors are responsible for interested parties.

Independence

Independence is the attitude of not having self-interest in conducting an examination. Auditors must work objectively according to the public accountant's code of ethics. Independence is part of the professional ethics that the auditor must own.

Professional Skepticism

Professional skepticism is an auditor's doubts and questioning everything, evaluating audit evidence critically and making audit decisions based on his expertise. Skeptical does not mean not believing, but looking for evidence before believing a statement.

Locus of Control

According to Rotter (1966), locus of control is an individual's belief in controlling events in his life, both caused by factors inside and outside himself (internal and external locus of control). Internal locus of control is an individual's belief that events in his life occur as a result of what he does. Conversely, an external locus of control is an individual's belief that events occur due to luck and the power of others.

Internal locus of control, according to Rotter (1966), describes 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. This is in line with personality theory (Catell, 1978) which states that individuals will predict their actions depending on certain situations. Meanwhile, according to Levenson (1981), a person will rely on his efforts as a way to gain success by working hard and sincerely believing it will bring the desired success.

External locus of control, according to Rotter (1966), describes someone who feels successful based on factors outside of himself such as luck, power of others, and social context. External locus of control makes a person feel unable to control what happens in his life. Levenson (1981) states that there are two types of someone who holds an external locus of control, power of others and chance. Someone who holds on to the power of others feels that his life is determined by those who are more powerful around him. A person who clings to chance feels that all events experienced are determined by luck, fate and chance.

Hypothesis Development

Auditor Independence and Audit 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 and Sharaf (1993) state 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.

This is supported by deontological theory which states that the auditor must act in accordance with obligations. If the action is performed according to obligations, it will have good results. Conversely, if the action is not in accordance with obligations, the results obtained will be bad. In this case, the auditor must have independence when carrying out inspections to produce quality audit.

The results of research conducted by Badjuri (2011), Lamba et al. (2020), and Rahmina & Agoes (2014) show 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 positive effect on audit quality

Internal Locus of Control, Independence, and Audit Quality

Auditors who are oriented towards an internal locus of control feel that the failures and successes they experience are due to their abilities and efforts. In addition, they are also individuals who have high initiative, always work hard, can solve problems, think effectively and have the perception that effort must be made if they want to be successful.

The theory of planned behavior states that the intention that arises from an individual to behave is caused by an internal locus of control. Auditors who are oriented towards an internal locus of control will try to maximize their ability to achieve quality audit.

H2: Internal locus of control strengthens the effect of independence on audit quality

External Locus of Control, Independence and Audit Quality

Auditors who are oriented towards an external locus of control feel that the failures and successes they experience are caused by external forces, such as luck, other people, and fate. They feel that they cannot change the things that happened.

This is in line with the theory of planned behavior that when an individual is going to do something, he or she will consider external factors that can affect the outcome of the behavior to be performed. Individuals with an external locus of control orientation believe that life and the events they experience are largely determined by fate, luck, chance, and more powerful people around them.

H3: External locus of control strengthens the effect of independence on audit quality

Professional Skepticism and Audit Quality

Auditing Standards (SA 200) explains that professional skepticism is an assessment of audit evidence with an attitude of the auditor who is always questioning and careful in circumstances where there is a possibility of misstatement caused by fraud or error. The results of research conducted by Arfiyani et al. (2014), Hai et al. (2020), and Zarefar et al. (2016) show that professional skepticism has a significant effect on audit quality.

Deontological theory requires a person to act in accordance with obligations by following the norms and morals that apply. If someone acts according to the obligation, the action he performs will have good results. In this case, the auditor is required to have professional skepticism to produce a quality audit.

H4: Professional skepticism has a positive effect on audit quality

Internal Locus of Control, Professional Skepticism, and Audit Quality

Auditors who are oriented towards internal locus of control feel that their failures and successes are because of their abilities and the efforts they have made. They also have high initiative, work hard, try to solve problems, think effectively, and have the perception that effort must be made if they want to succeed.

Auditors who are oriented towards an internal locus of control will try to maximize their ability to achieve quality audit. This is supported by the theory of planned behavior which states that individuals who have strong beliefs will succeed because they believe that the resources and opportunities that exist and the difficulties they face can be overcome.

H5: Internal locus of control strengthens the effect of professional skepticism on audit quality

External Locus of Control, Professional Skepticism, and Audit Quality

Auditors who are oriented towards external locus of control feel that the failures and successes are caused by external forces, such as luck, opportunity, and other people. They will feel unable to control the events that occur. Individuals with external locus of control believe that life and the events they experience

are largely determined by fate, chance, luck, and other people around them. This is in line with the theory of planned behavior which states that individuals will consider the factors that can influence the outcome of the behavior to be carried out, the ease or difficulty of carrying out the behavior, the expectations of other people regarding the behavior, the behavior to be carried out, and the motivation to fulfill the expectations.

H6: External locus of control strengthens the effect of professional skepticism on audit quality

3. RESEARCH METHOD

Types of Research

This research is a quantitative research with the aim to test the hypotheses. The method used to quantify data is to give weight or attributes in the form of numbers to the data so that it can be processed using modeling 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 is examined using indicators used in the research conducted by Harhinto (2004), such as reporting all client errors, understanding the client's accounting information system, having solid commitment to completing audits, guided by auditing principles and accounting principles in conducting fieldwork, not blindly believing in client statements, and be careful in making decisions.

Independence

Independence is an ethic that must be possessed by an auditor, such as no personal interest when carrying out an examination, objective, and having integrity according to the Public Accountant Code of Ethics. This variable is examined using indicators used in the research conducted by Tjun et al. (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 skepticism is an auditor's doubts and questioning everything, evaluating audit

evidence critically and making audit decisions based on his expertise. This variable is examined using indicators used in the research conducted by Hurtt (2010). There are six main characteristics that a person must have when applying an attitude of professional skepticism, consisting of questioning mind, suspension of judgment, searching for knowledge, interpersonal understanding, self-determining, and self-confidence.

Internal Locus of Control

Auditors who adhere to an internal locus of control feel that failure and success are due to their abilities and actions (Rotter, 1966). In addition, according to Levenson (1981), an auditor believes that to achieve the desired success, he must work hard and earnestly. This variable is examined using indicators used in the research conducted by Rotter (1966) and Levenson (1981), such as belief in one's own abilities and belief in the results of one's efforts.

External Locus of Control

According to Rotter (1966), auditors who hold on to an external locus of control see success based on external forces, such as luck, other people and social context. They are unable to control the events that occurred. In addition, Levenson (1981) argues that auditors who adhere to an external locus of control have a powerful attitude of others and chance. This variable is examined using indicators used in the research conducted by Rotter (1966) and Levenson (1981), such as belief in luck, fate, and opportunity (chance), and belief in the power of others.

Analysis Method

Pilot Test

Pilot test is used to test validity and reliability of the research instrument. Before the questionnaires are distributed to respondents, the questionnaires are first tested on auditors of Thoufan and Rosyid Public Accounting Firm 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 is 20 auditors.

The validity test in this research uses the SPSS factor analysis. Factor analysis shows that questionnaires distributed can be used for further testing and are valid as variables forming audit quality, independence, professional skepticism and locus of control.

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

Hypothesis Testing

Multiple regression analysis is used to test hypothesis 1 and hypothesis 2 in this study. Meanwhile, moderated regression analysis (MRA) is used to test hypothesis 3, hypothesis 4, hypothesis 5 and hypothesis 6. The regression analysis equation model used in this study is divided into two:

$$(1) Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

$$(2) Y = a + \beta_3 X_1 + \beta_4 X_2 + \beta_5 M_1 + \beta_6 M_2 + \beta_7 X_1 * M_1 + \beta_8 X_1 * M_2 + \beta_9 X_2 * M_1 + \beta_{10} X_2 * M_2$$

Y = Audit Quality

a = Constant

β_1 - β_{10} = 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

4. DATA ANALYSIS AND DISCUSSION

The number of sample used in this study is 67 auditors. According to Cohen et al. (2007), the minimum limit the researchers must take is 30 samples. Mahmud (2011) states that research using statistical analysis must have a minimum sample of 30. According to Hartono (2015), a good survey is characterized by a minimum return rate of 30%. The number of sample used in this study meets the limit 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. The research is normal if the sig value is more than 0.05. The results of the normality test can be seen in Table 1.

Based on the results in Table 1, the sig value of the normality test is 0.200, or more than the alpha value of 0.05. So, 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 can be seen in Table 2.

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

Heteroscedasticity Test

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

Based on Table 3, the results of the Glejser test show that the four variables have sig values 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. The results of the descriptive analysis of this study can be seen in Table 4.

Table 1
The Results of Normality Test

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

Source: Processed SPSS Data

Table 2
The Results of Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Independence (X1)	.814	1.229
Skepticism (X2)	.609	1.641
Internal LOC (M1)	.646	1.548
External LOC (M2)	.854	1.171
X1.M1	.739	1.353
X1.M2	.685	1.459
X2.M1	.873	1.145
X2.M2	.803	1.245

Source: Processed SPSS Data

Table 3
The Results of Heteroscedasticity Test

	Sig
Independence	.088
Skepticism	.141
Internal LOC	.221
External LOC	.548

Source: Processed SPSS Data

Based on Table 4, the number of respondents is 67 auditors. In the variable of independence, the minimum number is 23 and the maximum number is 33. The standard deviation is 2.46486. The standard deviation is used to assess the average dispersion of the sample. With a certain standard deviation at the 95% confidence level (SPSS mainly uses this figure as the standard), the mean value of independence becomes:

Mean value of independence = mean \pm 2 x std. deviation

$$= 27.9851 \pm (2 \times 2.46486)$$

$$= 23.05538 \text{ to } 32.91482$$

The average limit of the two independence data is slightly different between the minimum and maximum values. This shows that the distribution of data in this study is quite good. Furthermore, skewness and kurtosis determine whether the independence variable is normally attributable.

Skewness measures the skewness of the data, while 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 a kurtosis value of -0.403. So, the results show that the independence variable is normally distributed. In the variable of professional skepticism, the

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

Mean value of Skepticism = mean \pm 2 x std. deviation

$$= 35.8955 \pm (2 \times 3.52108)$$

$$= 28.85334 \text{ to } 42.93766$$

The average limit of the two professional skepticism data is slightly different between the minimum and maximum values. This shows that the distribution of the data in this study is quite good. 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 value of -0.680. So, the results show that professional skepticism variable is normally distributed.

In the variable audit quality, the minimum number is 26.00 and the maximum number 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 mean value of audit quality becomes:

Table 4
The Results of Descriptive Analysis

	Min	Max	Mean	Std. Dev.	Skew	Kurt
X1	23	33	27.9851	2.46486	-.176	-.403
X2	27	40	35.8955	3.52108	-.550	-.680
Y	26	35	32.3731	2.85421	-.656	-1.103
Z1	25	40	33.7463	3.96707	.174	-.879
Z2	8	39	18.5522	6.01081	.637	.886

Source: Processed SPSS Data

Mean value of audit quality = mean \pm 2 x std. deviation

$$= 32.3731 \pm (2 \times 2.85421)$$

$$= 26.66468 \text{ to } 38.08152$$

The average limit of the two audit quality data is slightly different between the minimum and maximum values. This shows that the data distribution in this study is quite good. Furthermore, skewness and kurtosis determine whether the audit quality variable is normally attributable. The audit quality variable produces a skewness value of -0.656 and a kurtosis value of -1.103. So, the results show that audit quality variable is a normally distributed.

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

Mean value of internal LoC = mean \pm 2 x std. deviation

$$= 33.7463 \pm (2 \times 3.96707)$$

$$= 25.81216 \text{ to } 41.68044$$

The average limit of the two internal locus of control data is slightly different between the minimum and maximum values. This shows that the data distribution in this study is good. Furthermore, skewness and kurtosis determine whether the internal locus of control variable is normally attributable. The internal locus of control variable produces a skewness value of 0.174 and a kurtosis value of -0.879. So, the results show that internal locus of control variable is normally distributed.

In the variable of external locus of control, the minimum number is 8.00 and the maximum number 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 mean value of external locus of control becomes:

Mean value of external LoC = mean \pm 2 x std. deviation

$$= 18.5522 \pm (2 \times 6.01081)$$

$$= 6.53058 \text{ to } 30.57382$$

The average limit of the two external locus of control data is slightly different between the minimum and maximum values. This shows that the data distribution in this study is good. Furthermore, skewness and kurtosis determine whether the external locus of control external variable is normally attributable. The external locus of control variable produces a skewness value of 0.637 and a kurtosis value of 0.886. So, the results show that the external locus of control variable is a normally distributed.

Hypothesis Testing

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

Based on Table 5, it can be seen that the coefficient value of the regression equation used is:

$$Y = 10.335 + 0.115 + 0.629 + e$$

The first hypothesis states that independence has a significant effect on audit quality. The regression results in table 5.6 show that Sig. value of 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 has a significant effect on audit quality. The regression results in table 5.6 show that Sig. value of 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 (R^2) measures how much influence the independent variables have on the dependent variable,

Table 5
Results of Regression Analysis Equation 1

	Regression Model		
	Coefficient	T	Sig.
(Constant)	10.335	2.844	.006
Independence	.115	1.197	.025
Skepticism	.629	6.540	.000

Source: Processed SPSS Data

Table 6
The Results of Coefficient of Determination of Equation 1

Model	R	R Square	Adjusted
1	.668	.446	.428

Source: Processed SPSS Data

while other variables outside the study explain the rest. Each addition to 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 of equation 1 can be seen in Table 6

Based on table 6, the R Square values of 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. Meanwhile, 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.

Based on Table 7, it can be seen that the coefficient value of the regression equation used is:

$$Y = 27.784 + 0.274 X_1 + 0.658X_2 + 0.482M_1 + (-0.234)M_2 + 0.533X_1*M_1 + (-0.173)X_1*M_2 + 0.617X_2*M_1 + (-0.035)X_2*M_2 + e$$

The second hypothesis states that internal locus of control strengthens the effect of independence on 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 value of 0.533, which means that 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, it can be concluded that internal locus of control strengthens the effect of independence on audit quality.

The third hypothesis states that the external locus of control strengthens the effect of independence on 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 value of -0.173, which means that 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, it can be concluded that the external locus of control weakens the effect of independence on quality audits.

The fifth hypothesis states that the internal locus of control strengthens the effect of professional skepticism on 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 value of 0.617, which means that 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, it can be concluded that internal locus of control strengthens the effect of professional skepticism on audit quality.

Table 7
Results of Regression Analysis of 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: Processed SPSS data

The sixth hypothesis states that external locus of control strengthens the effect of professional skepticism on 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 value of -0.035, which means that 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, it can be concluded that external locus of control weakens the effect of professional skepticism on audit quality.

The results of the coefficient of determination of equation 2 can be seen in Table 8. Based on Table 8, it can be seen that the R Square value of the variables of 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. Meanwhile, the remaining 46.5% is explained by variables or other factors outside the regression equation in this study.

Independence and Audit Quality

The results of the first hypothesis test show that independence has a positive effect on audit quality, or the first hypothesis is accepted. The more independent the auditor is, the higher the quality of the audit results. In accordance with ethical theory of deontology, a person must act in accordance with applicable ethics in order to have good results. Auditors who carry out audits with independence will produce quality audits.

The results of this study are supported by the results of research conducted by Lamba et al. (2020) that auditor's independence has a positive and significant effect on audit quality. These results are also in accordance with the results of research conducted by Rahmina et al. (2014) that auditor's independence has a positive effect on audit quality.

In conclusion, independence is an ethic that must be carried out by an auditor when conducting an audit to produce quality audit. 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 the second hypothesis test show a positive regression coefficient. This indicates that there is an increased interaction between independence and internal locus of control, which can strengthen the influence on audit quality. So, the second hypothesis is accepted.

This is in line with the theory of planned behavior which states that the auditor's actions are influenced by internal factors or internal locus of control. Auditors with an internal locus of control will rely on their efforts as a way to achieve success with hard work and are truly believed to bring the desired success. Auditors with an internal locus of control can produce quality audit because individuals who have an internal locus of control are individuals who like to work hard, have high initiative, try to solve problems, think effectively and have the perception that effort must be made if you want to succeed.

Table 8
The Results of Coefficient of Determination of Equation 2

Model	R	R Square	Adjusted
1	.732	.535	.489

Source: Processed SPSS data

The results of this study are in line with the results of research conducted by Suwantari and Andi (2020) that internal locus of control significantly influences audit quality. This is also in line with the results of research conducted by Putra and Mimba (2017) 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 the third hypothesis test show a negative regression coefficient. This indicates that there is 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 theory of planned behavior states that auditors with an external locus of control feel unable to control the events that occur. Therefore, auditors do not try to produce quality audit because they believe that the quality audit is a result of luck or other people.

The results of this study are in line with the results of research conducted by Aqsah (2019). The auditor's external locus of control makes the auditor less confident in his abilities so that his behavior tends to be reactive and can weaken audit quality. Auditors with an external locus of control orientation place primary responsibility on luck, fate, opportunity and other people so that they cannot maximize their independence to produce quality audit.

Professional Skepticism and Audit Quality

The results of the fourth hypothesis test show that professional skepticism has a positive effect on audit quality. So, the fourth hypothesis is accepted. This shows that the more skeptical an auditor is, the higher the quality of the audit. This is in accordance with the ethical theory of deontology that a person must act in accordance with applicable ethics to have good results. On the other hand, if one does not act in accordance with applicable ethics, the results will be bad. Professional skepticism must be owned by the auditor in order to produce quality audit.

The results of this study are supported by the results of research conducted by Hai et al. (2020) that professional skepticism has a positive effect on audit quality. The results of this study are also in line with the results of research conducted by Puspita et al. (2019) that professional skepticism has a positive effect on audit quality. So, 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 the fifth hypothesis test show a positive regression coefficient. This indicates that there is 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. The theory of planned behavior states that auditors who are oriented towards an internal locus of control believe that success is due to the ability and effort they have made, so they will try to be skeptical in order to produce a quality audit.

The results of this study are in line with the results of research conducted by Aqsah (2019) that internal locus of control has a positive effect on 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 quality audit.

External Locus of Control, Professional Skepticism and Audit Quality

The results the sixth hypothesis test show a negative regression coefficient. This indicates that there is 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 theory of planned behavior states that an external locus of control sees success based on outside forces. Auditors who are oriented toward external locus of control feel unable to control the events that occur. External locus of

control makes the auditors less initiative, give up easily, and do not like working hard because they believe that success will be influenced and dependent on luck and other people's advice.

The results of this study are in line with the results of research conducted by Aqsah (2019) that the auditor's external locus of control makes the auditor lack confidence in his abilities, so his behavior tends to be reactive and can weaken audit quality. Auditors who are oriented towards external locus of control place primary responsibility on luck, fate and opportunity and are determined by others so that they cannot maximize professional skepticism to produce quality audit.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION

This study examines the effect of independence and professional skepticism on audit quality and determines the role of locus of control in moderating the effect of independence and professional skepticism on audit quality. This research is conducted by distributing questionnaires via LinkedIn to auditors who work at the Big-Four Public Accounting Firms. The sample used in this study is 67 auditors. Based on the results of data processing, independence and professional skepticism have a positive effect on audit quality. The internal locus of control strengthens the effect of independence and professional skepticism on audit quality. Conversely, the external locus of control weakens the effect of independence and professional skepticism on audit quality.

Internal locus of control can strengthen the effect of independence and professional skepticism on audit quality because the internal locus of control makes the auditors believe that quality audit is obtained from effort and ability so that the auditors will increase their effort and ability to produce quality audit. Conversely, external locus of control can weaken the effect of independence and professional skepticism on audit quality because the external locus of control makes the auditors believe that quality audit is a result of external forces, such as fate, opportunity and other people so that the auditors do not try their best and only rely on luck and, therefore, they cannot produce quality audit.

This study has several limitations. The distribution of questionnaires via LinkedIn has the possibility of not being responded to because the LinkedIn application is not opened every day by the auditors. This study obtains data only from distributing questionnaires or quantitative data. There are many Public Accounting Firms throughout Indonesia but the questionnaires are distributed to auditors working at the Big-Four Public Accounting Firms only.

Future studies are expected to distribute the questionnaires directly so that the auditors can be sure to answer the questionnaires. Future studies are also expected to obtain qualitative data through direct interviews with auditors so that the results will be more accurate. In addition, future studies need to increase the research population to public accounting firms throughout Indonesia to obtain in-depth results.

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