

The Influence Of Professionalism, Auditor Ethics, Work Experience, And Audit Fees On Audit Quality At Public Accounting Firms In Medan

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ABSTRACT

This study aims to examine the influence of professionalism, auditor ethics, work experience, and audit fees on audit quality at Public Accounting Firms in Medan. Audit quality is a crucial factor in maintaining the credibility of financial statements and supporting strategic decision-making for stakeholders. The data collection method involved distributing questionnaires to auditors at Public Accounting Firms in Medan. Based on the results of this study, it was found that the variables of professionalism, auditor ethics, work experience, and audit fees have a significant effect on audit quality. Therefore, improving professionalism, adherence to professional ethics, work experience, and setting appropriate audit fees can significantly enhance audit quality

Keywords: *Professionalism, Auditor Ethics, Work Experience, Audit Fees, Audit Quality*

INTRODUCTION

An audit is the process of collecting and examining evidence-based information to determine and report on the consistency between data and established criteria. In the modern business environment, the role of auditing has become increasingly important for companies as well as external parties such as investors, creditors, regulators, and other stakeholders in strategic decision-making. Audit quality is critical because poor audit quality can undermine the credibility of financial statements and lead to errors in business decision-making. Many cases of corporate failure have been linked to auditor failure, which threatens the credibility of financial statements. Consequently, auditors are required to demonstrate accountability in every aspect of their work and maintain a professional attitude.

Professionalism is a term that refers to the mindset of professionals who are committed to consistently performing their duties and improving the quality of their work. A low level of professionalism on the part of an auditor can lead to misstatements in the audit report.

Work experience is also a key factor in improving audit quality. Experienced auditors tend to exhibit greater attention to detail and stronger capabilities in detecting fraud in financial

statements. Additionally, audit fees are important because auditors require appropriate compensation for the complexity and risks involved in audit engagements.

Based on these considerations, this study aims to examine the influence of professionalism, auditor ethics, work experience, and audit fees on audit quality at Public Accounting Firms in the City of Medan.

LITERATURE REVIEW

Jensen The Effect of Professionalism on Audit Quality

Ningrum and Budiarta (2017) state that auditor professionalism influences audit quality. This means that the higher an auditor's level of professionalism, the higher the resulting audit quality.

The Influence of Ethics on Audit Quality

An auditor with strong ethics is one who acts and is committed to upholding established rules or agreed-upon standards. Ethics are crucial for evaluating and enhancing professional standards. In a study conducted by Susandy and Suryandi (2021), it was stated that auditor ethics can influence audit quality, as an auditor must adhere to the established code of ethics when auditing annual financial statements so that the resulting audit quality will be high.

The Influence of Work Experience on Audit Quality

Work experience enables auditors to improve their technical skills and professional judgment. An auditor's experience is one of the factors influencing audit quality because more experienced auditors can detect fraud (Damanik, 2016).

The Impact of Audit Fees on Audit Quality

Audit fees are the compensation received by auditors for the audit services provided. Higher fees will improve audit quality, as the audit fees received in a year and the estimated operational costs required to carry out the audit process can enhance audit quality (Kurniasih and Rohman 2014).

Formulation of Hypotheses

The hypotheses in this study are as follows:

H1: Professionalism has a partial effect on audit quality at public accounting firms in Medan

H2: Auditor ethics has a partial effect on audit quality at public accounting firms in Medan

H3: Work experience has a partial effect on audit quality at public accounting firms in Medan

H4: Audit fees have a partial effect on audit quality at public accounting firms in Medan

H5: Professionalism, auditor ethics, work experience, and audit fees have a simultaneous effect on audit quality at public accounting firms in Medan.

METHODS

The type of research used in this proposal is quantitative research. According to Sugiono (2017), quantitative research is a form of research based on scientific methods that involves measuring the variables under study using measurement instruments and statistical analysis. This study employs SPSS software.

Population

The population is the generalizable domain consisting of objects or subjects possessing specific qualities and characteristics defined by the researcher for study, from which conclusions are subsequently drawn (Sugiyono, 2020: 126). The population in this study comprises all independent auditors working at Public Accounting Firms (KAP) in the city of Medan.

Sample

According to Sugiyono (2016:116), “A sample is a portion of the population that shares the same characteristics as the population.” The sampling technique employed involved distributing questionnaires and analyzing the responses.

Data Analysis Techniques

The analysis in this study used statistical analysis techniques (SPSS), specifically the multiple linear regression method to test the influence of variables.

The multiple linear regression equation in this study is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Y = Audit Quality

a = Constant

b = Regression coefficient

X₁ = Professionalism

X₂ = Auditor Ethics

X₃ = Work Experience

X₄ = Audit Fee

e = error

Validity and Reliability Test Results

Professional Skepticism Variable (X₁)

Correlations

		X1.1	X1.2	X1.3	X1.4	TOTAL
X1.1	Pearson Correlation	.a	.a	.a	.a	.a
	Sig. (2-tailed)	.	.	.	.	.
	N	60	60	60	60	60
X1.2	Pearson Correlation	.a	1	.275*	.391**	.509**
	Sig. (2-tailed)	.	.	.034	.002	.000
	N	60	60	60	60	60
X1.3	Pearson Correlation	.a	.275*	1	.704**	.917**
	Sig. (2-tailed)	.	.034	.	.000	.000
	N	60	60	60	60	60
X1.4	Pearson Correlation	.a	.391**	.704**	1	.901**
	Sig. (2-tailed)	.	.002	.000	.	.000
	N	60	60	60	60	60
TOTAL	Pearson Correlation	.a	.509**	.917**	.901**	1
	Sig. (2-tailed)	.	.000	.000	.000	.
	N	60	60	60	60	60

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

Based on the validity test results, the professional skepticism variable, which includes all statement items, yielded a calculated r value $>$ table r value (at a 5% significance level and a table r value of 0.254); therefore, the professional skepticism variable can be considered valid.

Reliability Statistics

Cronbach's Alpha	N of Items
.617	4

Based on the reliability test results, the professional skepticism variable, involving all statement items, yielded a Cronbach's Alpha value of 0.617. Since the criterion for the Cronbach's Alpha coefficient is $>$ 0.60, the professional skepticism variable can be considered reliable.

		Correlations						
		X2.1	X2.2	X2.3	X2.4	X2.5	X2.6	Total
X2.1	Pearson Correlation	1	.404**	.428**	-.266*	.414**	.427**	.635**
	Sig. (2-tailed)		.001	.001	.040	.001	.001	.000
	N	60	60	60	60	60	60	60
X2.2	Pearson Correlation	.404**	1	.783**	-.291*	.247	.379**	.763**
	Sig. (2-tailed)	.001		.000	.024	.057	.003	.000
	N	60	60	60	60	60	60	60
X2.3	Pearson Correlation	.428**	.783**	1	-.410**	.358**	.418**	.789**
	Sig. (2-tailed)	.001	.000		.001	.005	.001	.000
	N	60	60	60	60	60	60	60
X2.4	Pearson Correlation	-.266*	-.291*	-.410**	1	-.163	-.061	-.113
	Sig. (2-tailed)	.040	.024	.001		.214	.644	.390
	N	60	60	60	60	60	60	60
X2.5	Pearson Correlation	.414**	.247	.358**	-.163	1	.627**	.672**
	Sig. (2-tailed)	.001	.057	.005	.214		.000	.000
	N	60	60	60	60	60	60	60
X2.6	Pearson Correlation	.427**	.379**	.418**	-.061	.627**	1	.779**
	Sig. (2-tailed)	.001	.003	.001	.644	.000		.000
	N	60	60	60	60	60	60	60
Total	Pearson Correlation	.635**	.763**	.789**	-.113	.672**	.779**	1
	Sig. (2-tailed)	.000	.000	.000	.390	.000	.000	
	N	60	60	60	60	60	60	60

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Based on the validity test results, for the auditor ethical skepticism variable, which includes all statement items, the calculated r value is greater than the table r value (at a 5% significance level and a table r value of 0.254); therefore, the auditor ethical skepticism variable is valid.

Reliability Statistics

Cronbach's Alpha	N of Items
.657	6

Based on the reliability test results, the professional skepticism variable, which includes all statement items, yielded a Cronbach's Alpha value of 0.657. Since the Cronbach's Alpha coefficient meets the criterion of >0.60 , the professional skepticism variable can be considered reliable.

Work Experience Skepticism Variable (X3)

Correlations								
		X3.1	X3.2	X3.3	X3.4	X3.5	X3.6	Total
X3.1	Pearson Correlation	1	.278*	.467**	.514**	.322*	.419**	.657**
	Sig. (2-tailed)		.032	.000	.000	.012	.001	.000
	N	60	60	60	60	60	60	60
X3.2	Pearson Correlation	.278*	1	.371**	.380**	.358**	.282*	.668**
	Sig. (2-tailed)	.032		.003	.003	.005	.029	.000
	N	60	60	60	60	60	60	60
X3.3	Pearson Correlation	.467**	.371**	1	.815**	.545**	.445**	.808**
	Sig. (2-tailed)	.000	.003		.000	.000	.000	.000
	N	60	60	60	60	60	60	60
X3.4	Pearson Correlation	.514**	.380**	.815**	1	.660**	.546**	.869**
	Sig. (2-tailed)	.000	.003	.000		.000	.000	.000
	N	60	60	60	60	60	60	60
X3.5	Pearson Correlation	.322*	.358**	.545**	.660**	1	.490**	.736**
	Sig. (2-tailed)	.012	.005	.000	.000		.000	.000
	N	60	60	60	60	60	60	60
X3.6	Pearson Correlation	.419**	.282*	.445**	.546**	.490**	1	.691**
	Sig. (2-tailed)	.001	.029	.000	.000	.000		.000
	N	60	60	60	60	60	60	60
Total	Pearson Correlation	.657**	.668**	.808**	.869**	.736**	.691**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	60	60	60	60	60	60	60

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Based on the validity test results, for the work experience skepticism variable, which includes all statement items, the calculated r value is greater than the table r value (at a 5% significance level and a table r value of 0.254); therefore, the work experience skepticism variable is valid.

Reliability Statistics

Cronbach's Alpha	N of Items
.816	6

Based on the reliability test results, the work experience skepticism variable, which includes all statement items, yielded a Cronbach's Alpha value of 0.816. Since the Cronbach's Alpha coefficient meets the criterion of >0.60, the work experience skepticism variable can be considered reliable.

Audit Fee Skepticism Variable (X4)

Correlations		X4.1	X4.2	X4.3	X4.4	Total
X4.1	Pearson Correlation	1	.673**	-.001	.222	.552**
	Sig. (2-tailed)		.000	.995	.088	.000
	N	60	60	60	60	60
X4.2	Pearson Correlation	.673**	1	.155	.302*	.668**
	Sig. (2-tailed)	.000		.238	.019	.000
	N	60	60	60	60	60
X4.3	Pearson Correlation	-.001	.155	1	.307*	.649**
	Sig. (2-tailed)	.995	.238		.017	.000
	N	60	60	60	60	60
X4.4	Pearson Correlation	.222	.302*	.307*	1	.770**
	Sig. (2-tailed)	.088	.019	.017		.000
	N	60	60	60	60	60
Total	Pearson Correlation	.552**	.668**	.649**	.770**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	60	60	60	60	60

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Based on the validity test results, for the audit fee skepticism variable, which includes all statement items, the calculated r value is greater than the table r value (at a 5% significance level and a table r value of 0.254); therefore, the audit fee skepticism variable is valid.

Reliability Statistics

Cronbach's Alpha	N of Items
.546	4

Based on the reliability test results, the audit fee skepticism variable, which includes all statement items, yielded a Cronbach's Alpha value of 0.546. Since the criterion for the Cronbach's Alpha coefficient is > 0.60 , the audit fee skepticism variable cannot be considered reliable.

Audit Quality Variable (Y)

Correlations

		Y1	Y2	Total
Y1	Pearson Correlation	1	.562**	.887**
	Sig. (2-tailed)		.000	.000
	N	60	60	60
Y2	Pearson Correlation	.562**	1	.881**
	Sig. (2-tailed)	.000		.000
	N	60	60	60
Total	Pearson Correlation	.887**	.881**	1
	Sig. (2-tailed)	.000	.000	
	N	60	60	60

**. Correlation is significant at the 0.01 level (2-tailed).

Based on the validity test results, for the audit quality variable, which includes all statement items, the calculated r value is greater than the table r value (at a 5% significance level and a table r value of 0.254); therefore, the audit quality variable is considered valid.

Reliability Statistics

Cronbach's Alpha	N of Items
.720	2

Based on the reliability test results, the audit quality variable, which includes all statement items, yielded a Cronbach's Alpha value of 0.720. Since the Cronbach's Alpha coefficient meets the criterion of >0.60 , the audit quality variable can be considered reliable.

Reporting Research Results

Results of the Normality Test

The normality test is used to determine whether the disturbance variables or residuals in the regression model follow a normal distribution. If the normality test fails, the research data to be analyzed is invalid. The Kolmogorov-Smirnov formula is used to conduct the normality test. The advantage of this test is that it is simple and does not lead to differences in interpretation among observers. The interpretation is as follows: if the Asymp. Sig. (2-tailed) value is ≥ 0.05 , the data are normally distributed; conversely, if the Asymp. Sig. (2-tailed) value is ≤ 0.05 , the data are considered non-normal.

One-Sample Kolmogorov-Smirnov Test

			Unstand ardized Residual
N			60
Normal Parameters ^{a,b}	Mean		.0826312
	Std. Deviation		.6379881
Most Extreme Differences	Absolute		.127
	Positive		.127
	Negative		-.104
Test Statistic			.127
Asymp. Sig. (2-tailed)			.018 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on the normality test, the Asymp. Sig. (2-tailed) value is $0.18 > 0.05$, so it can be concluded that the data is normally distributed.

Results of the Multicollinearity Test

Coefficients^a

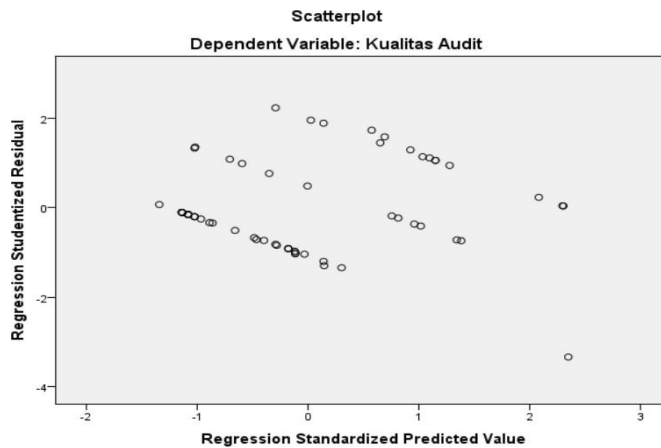
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.887	.774		1.146	.257		
	Profesionalisme	-.402	.170	-.330	-2.374	.021	.540	1.851
	Etika Auditor	.113	.095	.187	1.181	.243	.415	2.407
	Pengalaman Kerja	.235	.049	.656	4.760	.000	.549	1.820
	Fee Audit	.032	.053	.066	.600	.551	.855	1.170

a. Dependent Variable: Kualitas Audit

The table above shows that the Tolerance value is not less than 0.10 and the VIF value is not more than 10. It is stated that this data is free from multicollinearity within the regression model.

Results of the Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is variability in the residuals from one observation to another within the regression model.



The figure above shows that the points do not cluster but are scattered randomly, so it is concluded that there is no heteroscedasticity

Coefficient of Determination

s range from zero to one and are used to measure how well the model explains the variation in the dependent variable. A close to one indicates that the independent variables (X) account for nearly all the variation in the dependent variable (Y).

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.653 ^a	.427	.385	.666	1.976

a. Predictors: (Constant), Fee Audit, Profesionalisme, Pengalaman Kerja, Etika Auditor

b. Dependent Variable: Kualitas Audit

Based on the table above showing the results of the coefficient of determination test, the Adjusted R-Square value is 0.427, meaning that the independent variables account for 42.7% of the variation in the dependent variable.

T-Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.887	.774		1.146	.257
Profesionalisme	-.402	.170	-.330	-2.374	.021
Etika Auditor	.113	.095	.187	1.181	.243
Pengalaman Kerja	.235	.049	.656	4.760	.000
Fee Audit	.032	.053	.066	.600	.551

a. Dependent Variable: Kualitas Audit

F-Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.176	4	4.544	10.232	.000 ^b
	Residual	24.424	55	.444		
	Total	42.600	59			

a. Dependent Variable: Kualitas Audit

b. Predictors: (Constant), Fee Audit, Profesionalisme, Pengalaman Kerja, Etika Auditor

Based on the table above, since the probability value of 0.000 is less than 0.05 and the calculated F-value is 10.232, it is concluded that the variables Professionalism, Auditor Ethics, Work Experience, and Audit Fee collectively have a positive and significant effect on Audit Quality.

DISCUSSION

The results of this study indicate that professionalism, auditor ethics, work experience, and audit fees simultaneously have a significant effect on audit quality at Public Accounting Firms in Medan City. This is evidenced by the F-test results, which show a significance value of 0.000 (< 0.05), indicating that all independent variables collectively influence audit quality. Furthermore, the Adjusted R Square value of 0.427 suggests that 42.7% of the variation in audit quality can be explained by these four variables.

Partially, professionalism has a significant effect on audit quality. This finding implies that auditors with a higher level of professionalism tend to produce higher-quality audits, as they perform their duties in accordance with auditing standards and uphold professional responsibility.

Auditor ethics also have a significant effect on audit quality. Auditors who adhere to professional ethical standards are more likely to act objectively and independently, thereby enhancing the credibility and reliability of audit results.

Work experience is found to significantly influence audit quality. More experienced auditors possess better capabilities in detecting errors and fraud, which contributes to more accurate and reliable audit outcomes.

Audit fees also show a significant effect on audit quality. Higher audit fees enable auditors to perform more extensive and in-depth audit procedures, which ultimately improves the quality of the audit.

Overall, these findings demonstrate that audit quality is influenced by a combination of behavioral factors (professionalism and ethics), competency factors (work experience), and economic factors (audit fees). Therefore, improving audit quality requires simultaneous attention to all these factors.

CONCLUSION

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LIMITATION

This study is limited to Public Accounting Firms in Medan City with only 60 respondents. This study only examines professionalism, auditor ethics, work experience, and audit fees, while other factors may also influence audit quality. Additionally, the use of a questionnaire may lead to subjective responses from participants.

RECOMMENDATIONS

- a. For future researchers, may this study be useful and contribute to knowledge related to Public Accounting Firms in Medan.
- b. For UNPRI students, this study serves as a reference for conducting further research.

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