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The Effect of Auditor Competence and Auditor Independence on Audit Quality with Professional Skepticism as a Moderating Variable

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Abstract

This study aims to examine the effect of auditor competence, independence, and professionalism on audit quality, with evidence competence acting as a mediating variable. The research adopts a quantitative approach using a survey method. Data were collected through questionnaires distributed to auditors working in public accounting firms. The research population comprises all auditors employed at public accounting firms located in the DKI Jakarta and Tangerang regions. Based on 2024 data, there are 187 public accounting firms with approximately 2,340 auditors. Using the Slovin formula with a 5% margin of error, a sample of 342 respondents was determined. The data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS). The findings indicate that audit quality is strongly influenced by auditor competence and independence, both of which have a positive and significant direct effect on audit quality, while professionalism does not show a significant direct effect. Furthermore, evidence competence plays a crucial mediating role by significantly strengthening the effects of competence, independence, and professionalism on audit quality

Keywords: Competence, Independence, Professionalism, Audit Quality, Evidence Competence

INTRODUCTION

Audit plays a vital role in ensuring the credibility, transparency, and reliability of financial statements, which are essential for supporting decision-making by stakeholders such as investors, regulators, and the public (Felicya & Sutrisno, 2020). Audit quality reflects the extent to which an audit is performed in accordance with professional

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standards and the auditor's ability to detect and report material misstatements. In Indonesia, where public accountability and corporate governance continue to be strengthened, high audit quality is increasingly important to maintain trust in financial reporting and to support economic stability (Affifah & Susilowati, 2021).

Previous studies suggest that audit quality is closely related to individual auditor attributes, particularly competence, independence, and professionalism (Masita et al., 2021; Dianeke et al., 2021). Auditor competence, which includes knowledge, skills, and technical expertise, enables auditors to perform audit procedures effectively and apply appropriate professional judgment (Ainun, 2024). Independence ensures that auditors remain objective and free from undue influence when planning, conducting, and reporting audit work, thereby enhancing the credibility of audit outcomes (Fauziah & Yuskar, 2023). Professionalism reflects auditors' commitment to ethical standards, professional roles, and responsibilities, which is expected to support consistent and responsible audit behavior (Meliala et al., 2023). However, empirical findings in Indonesia show mixed results, especially regarding the direct effect of professionalism on audit quality, indicating the need for further investigation.

One important mechanism that may explain these relationships is evidence competence, defined as the auditor's ability to obtain, evaluate, and utilize audit evidence that is relevant, reliable, timely, and objective. Even when auditors are competent, independent, and professional, audit quality may not be optimal if they lack the ability to handle audit evidence effectively (Ainun, 2024). Evidence competence therefore plays a crucial mediating role by translating auditor attributes into high-quality audit outcomes. Despite its importance, research that explicitly examines evidence competence as a mediating variable in the Indonesian audit context remains limited (Pham et al., 2022)

Based on these considerations, this study is important to provide a more comprehensive understanding of how auditor competence, independence, and professionalism influence audit quality in Indonesia, both directly and indirectly through evidence competence. The findings are expected to contribute to the development of auditing theory, enrich empirical evidence in the Indonesian context, and provide practical insights for public accounting firms, professional associations, and regulators in improving auditor performance and audit quality

Objectives

Drawing on the background outlined above, this study aims to explore and answer several core research questions within the field of auditing

1. To analyze the effect of auditor competence, independence, and professionalism on audit quality

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2. To analyze the effect of auditor competence, independence, and professionalism on audit quality with evidence competence as a mediating variable

This study adopts a quantitative approach using a survey method to examine the effect of auditor competence, independence, and professionalism on audit quality, with evidence competence as a mediating variable. Data were obtained through questionnaires administered to auditors employed at public accounting firms. This method was chosen as it facilitates the objective assessment of relationships between variables and supports the generalizability of the findings. The research adopts a cross-sectional approach, with data gathered at one point in time, and applies an explanatory research design to examine causal linkages among the variables.

The research population consists of all auditors working in public accounting firms located in the DKI Jakarta and Tangerang regions. Based on 2024 data, there are 187 public accounting firms with approximately 2,340 auditors. The population includes auditors at various levels, ranging from junior auditors, senior auditors, supervisors, and managers to partners. These regions were selected because they represent the largest concentration of public accounting firms in Indonesia. Based on the sample size calculation using the Slovin formula with a 5% margin of error, a sample of 342 respondents was obtained. Data were collected from November to December 2024. The questionnaires were distributed to public accounting firms, targeting 342 respondents. After the distribution process, 330 questionnaires were successfully returned and deemed suitable for analysis

The dependent variable is audit quality, which refers to the study by Aswar et al. (2021) and is measured using 10 statements. The independent variables consist of auditor competence, measured by 6 statements based on Aswar et al. (2021), independence, measured by 6 statements referring to Aswar et al. (2021), and professionalism, measured by 5 statements adapted from Safitri & Arifin (2022). The mediating variable is evidence competence, measured by 5 statements referring to Ainun (2024).

Data were analyzed using the Structural Equation Modeling (SEM) approach with SmartPLS version 3.0 software. The analysis began with a descriptive analysis of respondents to identify the characteristics of the research participants. It then proceeded to the outer model evaluation, which examined convergent validity, discriminant validity, and reliability tests. Subsequently, the inner model analysis was conducted to assess the coefficient of determination, predictive relevance, and model fit. Finally, hypothesis testing was performed by examining p-values and analyzing both direct and indirect effects through the mediating variable (Manley et al., 2021)

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DISCUSSION

The majority of respondents hold a Bachelor's degree (S1), accounting for 64.2%. This indicates that the auditing profession in public accounting firms generally requires a minimum educational background of a bachelor's degree in accounting or a related field. Respondents with a Master's degree (S2), representing 21.3%, typically occupy more senior positions and carry managerial responsibilities. Meanwhile, auditors with a Diploma (D3) qualification (14.5%) are predominantly positioned at the junior and senior auditor levels.

The majority of respondents occupy the positions of junior auditor (32.1%) and senior auditor (31.5%), reflecting the organizational structure of public accounting firms, which is largely dominated by audit execution staff. The combined proportion of supervisors and managers is 30.9%, indicating their important role in audit supervision and quality control. Meanwhile, the proportion of partners is relatively small (5.5%), which is consistent with the hierarchical structure of public accounting firms, where the top-level positions are limited.

The majority of respondents have 1–5 years of work experience (50.9%), indicating that the auditing profession is relatively dominated by a productive workforce with early to intermediate levels of experience. Respondents with 6–10 years of experience (29.1%) and more than 10 years of experience (20.0%) generally occupy senior to partner positions and are therefore expected to have a deeper understanding of audit processes and professional decision-making.

In addition, 41.8% of respondents hold professional certifications (such as CPA, CA, or other auditing certifications), reflecting a commitment to professional competency development. However, the majority of respondents (58.2%) do not yet hold professional certifications, which is commonly the case among junior and senior auditors who are still in the early to middle stages of their professional careers

Table 1: Descriptive Variable

	Variables & Statements	Mean
Audit Quality (AQ) (Y)		
AQ1	The auditor possesses sufficient knowledge and technical skills to conduct audit procedures accurately and effectively	3,40
AQ2	The audit is conducted in full compliance with applicable auditing standards and professional regulations	3,41
AQ3	The auditor is responsive to the client's needs while maintaining professional judgment and independence	3,41
AQ4	The auditor exercises due professional care by carefully planning, performing, and reviewing audit work	3,43
AQ5	The provision of non-audit services does not impair the auditor's objectivity and audit quality	3,42

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	Variables & Statements	Mean
AQ6	The auditor consistently applies professional skepticism when evaluating audit evidence	3,41
AQ7	The length of the auditor–client relationship supports a better understanding of the client without reducing audit quality	3,45
AQ8	The auditor communicates audit findings clearly and effectively to management and relevant stakeholders	3,44
AQ9	The auditor adheres strictly to ethical principles, including integrity, objectivity, and confidentiality	3,45
AQ10	Audit managers are actively involved in supervising and reviewing the audit process to ensure high audit quality	3,47
Competence (AC) (X1)		
AC1	The auditor demonstrates integrity, responsibility, and discipline in carrying out audit assignments	3,11
AC2	The auditor shows professional attitude and self-confidence when performing audit tasks	3,62
AC3	The auditor has adequate general knowledge of accounting principles, auditing standards, and regulations	3,39
AC4	The auditor is able to understand the client's business environment and industry conditions	3,41
AC5	The auditor possesses specialized expertise relevant to the audit engagement being performed	3,50
AC6	The auditor is capable of applying technical skills and professional judgment to resolve complex audit issues	3,52
Independence (AI) (X2)		
AI1	The auditor plans the audit program independently without influence from the client	3,50
AI2	The auditor determines audit procedures and scope based solely on professional judgment	3,53
AI3	The auditor conducts audit examinations objectively without interference from management	3,45
AI4	The auditor is free to obtain and evaluate audit evidence without any restrictions from the client	3,47
AI5	The auditor reports audit findings honestly and objectively regardless of external pressure	3,44
AI6	The auditor issues audit opinions based on audit evidence and professional standards, not client interests	3,46
Professionalism (AP) (X3)		
AP1	The auditor possesses adequate professional knowledge and skills to perform audit tasks effectively	3,46
AP2	The auditor maintains professional relationships with colleagues and other professionals to support the quality of audit work	3,46
AP3	The auditor actively engages in formal professional organizations or informal professional networks as a source of ideas and professional development	3,44
AP4	The auditor performs audit duties in accordance with professional roles, responsibilities, and ethical standards	3,48

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	Variables & Statements	Mean
AP5	The auditor makes independent decisions in determining the level of materiality without pressure from management or other parties	3,38
Evidence Competence (EC) (Z)		
EC1	The auditor is able to identify and collect audit evidence that is relevant to the audit objectives	3,36
EC2	The auditor obtains audit evidence from reliable and appropriate sources	3,45
EC3	The auditor collects and evaluates audit evidence in a timely manner to support audit conclusions	3,51
EC4	The auditor evaluates audit evidence objectively without bias or personal interest	3,42
EC5	The auditor uses professional judgment to assess the sufficiency and appropriateness of audit evidence	3,51

The descriptive results show that audit quality is most strongly reflected by the active involvement of audit managers in supervising and reviewing the audit process, highlighting the importance of leadership oversight and quality control. In terms of auditor competence, the highest mean value relates to the auditor's professional attitude and self-confidence, indicating that confidence and professionalism are key elements supporting effective judgment and audit performance.

Furthermore, professionalism is best represented by auditors' adherence to professional roles, responsibilities, and ethical standards, underscoring ethics as the core of professional conduct. Finally, evidence competence is most strongly reflected by the timely collection of audit evidence and the use of professional judgment in assessing its sufficiency and appropriateness, emphasizing the critical role of timeliness and judgment in ensuring high-quality audit evidence

Table 2: Outer Loading and AVE

Variable	Item	*Outer Loading*	AVE
Audit Quality	AQ1	0.920	0.840
	AQ2	0.924	
	AQ3	0.907	
	AQ4	0.913	
	AQ5	0.910	
	AQ6	0.912	
	AQ7	0.913	
	AQ8	0.926	
	AQ9	0.913	
	AQ10	0.926	
Competence	AC1	0.873	0.864
	AC2	0.978	

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Variable	Item	*Outer Loading*	AVE
	AC3	0.920	
	AC4	0.919	
	AC5	0.934	
	AC6	0.949	
Independence	AI1	0.955	0.881
	AI2	0.949	
	AI3	0.929	
	Ai4	0.932	
	AI5	0.933	
	AI6	0.935	
Professionalism	AP1	0.932	0.862
	AP2	0.921	
	AP3	0.920	
	AP4	0.937	
	AP5	0.933	
	AP6	0.926	
Evidence Competence	EC1	0.907	0.863
	EC2	0.924	
	EC3	0.938	
	EC4	0.939	
	EC5	0.938	

The statement items produce outer loading values above 0.70. This indicates that the latent variables are able to adequately explain their indicators. Furthermore, AVE values above 0.50 indicate that the variables are valid.

Table 3: Discriminant Validity

Variable	Audit Quality	Competence	Evidence Competence	Independence	Professionalism
Audit Quality	0.986				
Competence	0.984	0.985			
Evidence Competence	0.980	0.982	0.984		
Independence	0.970	0.979	0.970	0.977	
Professionalism	0.916	0.974	0.970	0.939	0.980

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The discriminant validity results indicate that the variables can stand independently, as shown by diagonal values that are higher than the correlations with other variables. Next, the reliability testing is conducted

Table 4: Reliability Test

No	Variable	*Cronbach's Alpha*	*Composite Reliability*	Remarks
1	Audit Quality	0.979	0.981	Reliable
2	Competence	0.968	0.974	Reliable
3	Evidence Competence	0.960	0.969	Reliable
4	Independence	0.973	0.978	Reliable
5	Professionalism	0.968	0.974	Reliable

The variables are considered reliable, as indicated by Cronbach's alpha values greater than 0.70 and composite reliability values greater than 0.80. Therefore, the questionnaire items have produced consistent data. The R-square value is used to measure the magnitude of contribution, where a value of 0.75 indicates a substantial level of contribution (Manley et al., 2021).

Table 5: Coefficient Determination

No	Item	R Square	R Square Adjusted
1	Audit Quality	0.988	0.988
2	Evidence Competence	0.957	0.956

The R-square values for audit quality and evidence competence are 0.988 and 0.957, respectively. Based on these values, the model demonstrates a high level of predictive accuracy. These results indicate that the model is robust and effectively explains the relationships among the variables. Furthermore, the model's accuracy is also supported by the Q^2 value

Table 6: Predictive Relevance

No	Item	**Q^2**
1	Audit Quality	0.824
2	Evidence Competence	0.820

The predictive relevance values for audit quality and evidence competence are 0.824 and 0.820, respectively. These values indicate strong predictive relevance. Further validation of the model is presented through the evaluation of model fit

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Table 7: Model Fit

No	Indicator	Score	Remarks
1	SRMR	0.018	Model Fit
2	NFI	0.913	Model Fit

Table 7 demonstrates that the model is accurate, as indicated by the SRMR value being below the threshold of 0.08 and the NFI value exceeding the threshold of 0.8. The regression coefficients reflect the strength of significance, with p-values below 0.05

Table 8: Testing of Coefficients and Direct Effects of the Structural Model

Hipt.	Path	Coef	t Statistic	p Values	Remarks
H1	Competence => Audit Quality	0.270	6.606	0.000	Supported
H2	Independence => Audit Quality	0.257	8.130	0.000	Supported
H3	Professionalism => Audit Quality	0.078	1.860	0.063	Rejected
H4	Evidence Competence => Audit Quality	0.398	7.570	0.000	Supported

Table 9: Testing of Coefficients and Indirect Effects of the Structural Model

Hipt.	Path	Coef	t Statistic	p Values	Remarks
H5	Competence => Evidence Competence => Audit Quality	0.172	3.681	0.000	Supported
H6	Independence => Evidence Competence => Audit Quality	0.118	3.387	0.001	Supported
H7	Professionalism => Evidence Competence => Audit Quality	0.102	3.069	0.002	Supported

Auditor competence is proven to enhance audit quality. This finding indicates that auditors with higher levels of knowledge, skills, and professional abilities are better able to perform audit tasks effectively, apply sound judgment, and comply with auditing standards, which ultimately leads to higher audit quality. The results of this study are consistent with previous research, which also demonstrates that auditor competence has a positive and significant effect on audit quality (Masita et al., 2021; Aswar et al., 2021)

The findings indicate that auditor independence is able to enhance audit quality. When auditors maintain independence in planning, conducting, and reporting audit activities, they are more likely to perform their work objectively and free from external pressure, thereby producing more reliable and credible audit outcomes. Independent auditors are better positioned to exercise professional judgment, apply skepticism, and report findings honestly, which ultimately strengthens audit quality. This result is

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consistent with previous studies, which also conclude that auditor independence plays a significant role in improving audit quality by ensuring objectivity, integrity, and compliance with professional standards (Masita et al., 2021; Dianeke et al., 2021)

In contrast, the results show that professionalism does not have a significant effect on audit quality. This finding indicates that although professionalism reflects adherence to ethical standards and professional roles, it does not necessarily translate directly into higher audit quality within the context of this study. One possible explanation is that professional attitudes alone may not be sufficient to influence audit outcomes without being supported by strong technical competence and independence. This result is in line with previous studies that also found no significant relationship between professionalism and audit quality (Fauziah & Yuskar, 2023).

The findings indicate that evidence competence is able to mediate the effects of competence, independence, and professionalism on audit quality. This suggests that auditors' competence, independence, and professionalism do not only influence audit quality directly, but also indirectly through their ability to obtain, evaluate, and utilize audit evidence appropriately. When auditors possess strong evidence competence, their technical abilities, objective attitudes, and professional values are more effectively translated into high-quality audit outcomes. This mediating role highlights the importance of evidence-related skills as a critical mechanism that strengthens the relationship between individual auditor attributes and audit quality. These results are consistent with previous studies, which emphasize that the proper handling of audit evidence plays a key role in enhancing audit quality and in reinforcing the impact of auditor competence, independence, and professionalism on audit performance. This result is in line with previous studies (Ainun, 2024).

CONCLUSION

Overall, this study concludes that audit quality is strongly influenced by auditor competence and independence, both of which have a positive and significant direct effect on audit quality, while professionalism does not show a significant direct impact. These findings indicate that auditors' technical knowledge, skills, judgment, and independence in planning, conducting, and reporting audits are critical determinants of high-quality audit outcomes. Furthermore, evidence competence plays a crucial mediating role, as it significantly strengthens the effects of competence, independence, and professionalism on audit quality. This demonstrates that auditors' abilities to obtain, evaluate, and use audit evidence appropriately serve as a key mechanism through which individual auditor attributes are translated into superior audit performance. The overall model exhibits strong explanatory and predictive power, confirming its robustness. Consistent with prior studies, the results emphasize that enhancing audit quality requires not only competent

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and independent auditors, but also strong evidence competence to ensure that professional attributes are effectively reflected in reliable and credible audit results.

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