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THE INFLUENCE OF AUDITOR COMPETENCE AND INDEPENDENCE ON AUDIT QUALITY

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ABSTRACT
This study aims to analyze the influence of auditor competence and auditor independence on audit quality at Public Accounting Firms (KAP) in Bandung. This research employs a verification method with a quantitative approach, where primary data is collected through questionnaires distributed to auditors with a minimum of two years of experience. Data analysis is conducted using multiple linear regression, with the t-test to determine the effect of each independent variable on the dependent variable. The results of the t-test indicate that auditor competence has a t-value of 4.693 with a significance level of 0.000 ($p < 0.05$), meaning that auditor competence has a positive and significant impact on audit quality. Meanwhile, auditor independence has a t-value of 5.255 with a significance level of 0.000 ($p < 0.05$), also showing a positive and significant effect on audit quality. Additionally, the results of the F-test reveal that auditor competence and independence jointly influence audit quality, with an F-value of 122.933 and a significance level of 0.000. With an Adjusted R^2 value of 0.830, this study shows that 83.0% of variations in audit quality can be explained by auditor competence and independence, while the remaining 17.0% is influenced by other factors outside the research model. Therefore, improving audit quality can be achieved by enhancing auditor competence through training and professional certification and ensuring auditor independence in performing their duties to produce objective and high-quality audits.

Keywords: Auditor Competence, Auditor Independence, Audit Quality

ABSTRAK
Penelitian ini bertujuan untuk menganalisis pengaruh kompetensi auditor dan independensi auditor terhadap kualitas audit pada Kantor Akuntan Publik (KAP) di Kota Bandung. Penelitian ini menggunakan metode verifikatif dengan pendekatan kuantitatif, di mana data primer dikumpulkan melalui kuesioner yang diberikan kepada auditor dengan pengalaman minimal dua tahun. Analisis data dilakukan menggunakan regresi linier berganda, dengan uji t untuk mengetahui pengaruh masing-masing variabel independen terhadap variabel dependen. Hasil uji t menunjukkan bahwa kompetensi auditor memiliki nilai t-hitung sebesar 4.693 dengan signifikansi 0.000 ($p < 0.05$), yang berarti bahwa kompetensi auditor berpengaruh positif dan signifikan terhadap kualitas audit. Sementara itu, independensi auditor memiliki nilai t-hitung sebesar 5.255 dengan signifikansi 0.000 ($p < 0.05$), yang juga menunjukkan pengaruh positif dan signifikan terhadap kualitas audit. Selain itu, hasil uji simultan (uji F) menunjukkan bahwa kompetensi dan independensi auditor secara bersama-sama memiliki pengaruh signifikan terhadap kualitas audit, dengan nilai F-hitung sebesar 122.933 dan signifikansi 0.000. Dengan nilai Adjusted R^2 sebesar 0.830, penelitian ini menunjukkan bahwa 83.0% variasi dalam kualitas audit dapat dijelaskan oleh kompetensi dan independensi auditor, sementara 17.0% sisanya dipengaruhi oleh faktor lain di luar model penelitian. Oleh karena itu, peningkatan kualitas audit dapat dilakukan

dengan meningkatkan kompetensi auditor melalui pelatihan dan sertifikasi profesional, serta memastikan independensi auditor dalam menjalankan tugasnya agar menghasilkan audit yang objektif dan berkualitas tinggi.

Kata kunci: Kompetensi Auditor, Independensi Auditor, Kualitas Audit

1. INTRODUCTION

Financial statements play an important role in providing reliable information for stakeholders. However, such reports are prone to errors and manipulation, requiring an external audit to ensure the fairness of their presentation (Arens, Elder, & Beasley, 2017). In recent years, cases of manipulation of financial statements in Indonesia have come to light, indicating weaknesses in the audit system and auditor independence. For example, the case of PT Indofarma Tbk (2024) which involved indications of manipulation of financial statements with potential state losses of up to IDR 371.8 billion, as well as a major scandal that occurred at PT Jiwasraya (2024) which resulted in losses of up to IDR 16.81 trillion. These findings suggest that there are still low-quality audits, which could potentially be due to the auditor's lack of independence in disclosing the company's financial condition in a transparent and objective manner.

High-quality audits increase transparency and public trust, with audit quality depending on various factors, especially the competence and independence of auditors (DeAngelo, 1981; Francis, 2004). The auditor's competence reflects the level of expertise and experience in applying audit standards as well as understanding business transactions. Auditors with higher education, extensive experience, and professional certifications, such as Certified Public Accountants (CPAs), tend to be better able to detect and report material errors than less competent auditors (Becker et al., 1998; Beasley et al., 2009).

Meanwhile, auditor independence refers to the impartiality of the auditor in assessing the client's financial statements. This independence includes independence in fact, i.e. the auditor's freedom from external influences, as well as independence in appearance, i.e. public perception of the auditor's objectivity (Mautz & Sharaf, 1961; DeFond & Zhang, 2014). Factors such as pressure from clients and financial relationships with auditing firms can threaten independence, leading to a decline in audit quality (Francis, 2004; Sweeney, 1994). Pusparani and Wiratmaja (2020) found that the competence and independence of good auditors significantly improved the quality of the audit reports produced. This is in line with the research of Rohmawati and Tumirin (2023), which shows that both the competence and independence of auditors have a significant influence on audit quality, thereby increasing the credibility of financial statements. These findings further confirm the importance of improving the competence and maintenance of auditor independence in producing high-quality audits.

Based on the background, the formulation of the research problem is as follows:

1) How does auditor competence affect audit quality?
2) How does auditor independence affect audit quality?
3) Does the competence and independence of auditors simultaneously affect audit quality?

The purpose in this studyis to :

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1) To find out how the auditor's competence affects the quality of audits.
2) To find out how the auditor's independence affects audit quality.
3) To find out how the auditor's competence and independence simultaneously affect audit quality.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Revenue

This research is grounded in Agency Theory by Jensen and Meckling (1976), which explains the conflict of interest between principals (owners) and agents (management) due to information asymmetry. Management, having greater access to company information, may manipulate financial statements to reflect a more favorable position (Healy & Wahlen, 1999).To mitigate this risk, owners appoint external auditors to ensure financial reports are presented fairly (Watts & Zimmerman, 1986). Effective auditing requires high competence and independence (DeFond & Zhang, 2014). Competence enables auditors to detect errors or fraud (Becker et al., 1998), while independence ensures objective assessments (Mautz & Sharaf, 1961). However, independence may be compromised by client pressure or financial ties with audit firms (Francis, 2004; Sweeney, 1994).High-quality audits help reduce agency costs, such as investor distrust and litigation risks (Watts & Zimmerman, 1986). Thus, competent and independent auditors enhance audit quality and corporate governance (DeAngelo, 1981).

The results of the hypothesis obtained from the framework of thought that have been described, can be hypothesized as follows:
H1: The auditor's competence affects the quality of the audit.
H2: The independence of auditors affects the quality of audits.
H3: The competence and independence of auditors simultaneously affect the quality of audits.

3. RESEARCH METHODS

This study uses a verifiable method with a quantitative approach. The verification method aims to test the hypothesis that has been formulated to ensure that there is a cause-and-effect relationship between the variables in this study, namely auditor competence, auditor independence, and audit quality. The quantitative approach was chosen because this study uses numerical data collected through surveys and analyzed with statistical techniques to determine the influence of independent variables on dependent variables.

Technical Data Collection

The primary data in this study was directly collected from respondents based on predetermined variables (Sekaran & Bougie, 2016). Data was gathered through questionnaires distributed to auditors at Public Accounting Firms (KAP) in Bandung. The questionnaire utilized a 5-point Likert scale, where respondents assessed statements related to competence, independence, and audit quality based on their experience and understanding.

Operational Definitions of Variables

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1) Auditor Competency (X_1)

Auditor competence refers to the expertise, knowledge, and experience required to perform audits professionally. Competent auditors understand and apply audit standards effectively (Boynton, Johnson, & Kell, 2018). This study measures auditor competence through three dimensions:

(1) **Education and Training**: Higher education levels and professional training enhance auditors' competency.
(2) **Work Experience**: More experience enables auditors to handle complex audit situations.
(3) **Understanding of Audit Standards**: Auditors must master and implement applicable audit standards in their procedures.

2) Auditor Independence (X_2)

Auditor independence refers to the objectivity required to ensure audit results remain unbiased and credible (Mulyadi, 2019). This study measures auditor independence through three dimensions:

(1) **Independence in Facts**: Auditors must base decisions on evidence, free from external influence.
(2) **Independence in Appearance**: Public trust in audit results depends on perceived auditor objectivity.
(3) **Lack of Conflict of Interest**: Auditors should avoid financial or personal relationships that could compromise audit integrity.

3) Audit Quality (Y)

Audit quality reflects the reliability and accuracy of audit results in depicting a company's financial condition. High-quality audits must adhere to professional standards (Arens, Elder, & Beasley, 2020). The study measures audit quality based on three dimensions:

(1) **Compliance with Audit Standards**: Ensures audit reliability through adherence to regulations.
(2) **Ability to Detect Errors or Cheating**: Competent auditors identify material misstatements, whether intentional or accidental.
(3) **Audit Analysis Depth**: A thorough examination of financial aspects ensures report accuracy.

Sample Collection Techniques

This study used a non-probability sampling method with purposive sampling, selecting auditors from Public Accounting Firms (KAP) in Bandung with at least two years of experience. This technique ensures the sample meets the study's specific criteria. According to Sekaran and Bougie (2021), a minimum of 30 respondents is sufficient for quantitative research to allow statistical analysis. Therefore, this study set the sample size at a minimum of 30 auditors across various KAPs in Bandung

DataAnalysis Techniques

In this study, data analysis was carried out using descriptive analysis and inferential statistical analysis to test the relationship between the variables studied (Sugiyono, 2017).

1) Validity and Reliability Tests
(1) The validity test was carried out using the Kaiser-Meyer-Olkin (KMO) method to assess the feasibility of the data before factor analysis was carried out. The research instrument is declared valid if the SME value is more than 0.5 (Hair et al., 2019)

(2) The reliability test was conducted using Cronbach's Alpha, where a variable is considered reliable if it has a value greater than 0.7 (Sekaran & Bougie, 2021).

2) Classic Assumption Test
   (1) The normality test is carried out using the Kolmogorov-Smirnov or Shapiro-Wilk test to ensure that the data is distributed normally (Ghozali, 2021).
   (2) The multicollinearity test aims to detect whether there is a high correlation between independent variables that can cause bias in regression analysis. The multicollinearity indicator can be seen from the value of the Variance Inflation Factor (VIF) < 10 (Gujarati & Porter, 2020).
   (3) The heteroscedasticity test was carried out using the Glejser test or scatterplot method to see if there is a certain pattern in the residual regression. If there is no clear pattern, then the data is considered to have passed the heteroscedasticity test (Ghozali, 2021).
3) Multiple Linear Regression Analysis

Multiple linear regression techniques are used to measure the influence of auditor competence and auditor independence on audit quality. This regression model is used because it can explain the relationship between two or more independent variables and dependent variables (Wooldridge, 2019).

4) Hypothesis Test
   (1) The t-test (partial) is used to assess the influence of each independent variable on the dependent variables individually. If the significance value (p-value) < 0.05, then the hypothesis is accepted (Gujarati & Porter, 2020).
   (2) The F test (simultaneous) is carried out to find out whether the independent variables together have an effect on the dependent variables. The results of the F test are significant if the p-value < 0.05 (Ghozali, 2021).
   (3) The Coefficient of Determination (R^2) is used to find out the extent to which an independent variable can explain the variation of the dependent variable. The higher the R^2 value, the greater the proportion of the variability of the dependent variable that can be explained by the independent variable (Hair et al., 2019).

4. RESULT AND DISCUSSION

Hypothesis Testing Results
Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.137	1.215		-.936	.354		
	Kompetensi Auditor	.459	.098	.455	4.693	.000	.362	2.762
	Independensi Auditor	.529	.101	.509	5.255	.000	.362	2.762

a. Dependent Variable: Kualitas Audit

Source : SPSS Processor Results Version 23, 2025

Based on the table above, the regression equation can be written as follows:

$Y=-1.137+0.459X1+0.529X2$

Information:

Y = Audit Quality

X1 = Auditor's Competency

X2 = Auditor Independence

Interpretation of regression equations:

1) The constant (-1.137) in the regression model shows that if the Auditor Competency (X_1) and Auditor Independence (X_2) are zero, then the Audit Quality value is estimated to be -1.137.
2) The Auditor Competency Coefficient (0.459) indicates that every 1 unit increase in the auditor's competency will increase the Audit Quality by 0.459 units, assuming the other variables remain constant.
3) The Auditor Independence Coefficient (0.529) indicates that every 1 unit increase in auditor independence will increase Audit Quality by 0.529 units, assuming the other variables remain constant.

Hypothesis Test
Test F

Table 2. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	936.243	2	468.121	122.933	.000[b]
	Residual	182.781	48	3.808		
	Total	1119.023	50			

a. Dependent Variable: Kualitas Audit
b. Predictors: (Constant), Independensi Auditor, Kompetensi Auditor

Source : SPSS Processor Results Version 23, 2025

Table 2 confirms that the regression model is statistically significant in explaining the impact of Auditor Competence and Auditor Independence on Audit Quality. This is evidenced by an F-value of 122.933 with a significance level of 0.000 ($p < 0.05$). Consequently, the null hypothesis (H_0) is rejected, indicating that Auditor Competence and Auditor Independence simultaneously have a significant effect on Audit Quality.

T- **test**

Table 3. Test Results t

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.137	1.215		-.936	.354		
	Kompetensi Auditor	.459	.098	.455	4.693	.000	.362	2.762
	Independensi Auditor	.529	.101	.509	5.255	.000	.362	2.762

a. Dependent Variable: Kualitas Audit

Source : SPSS Processor Results Version 23, 2025

1) Auditor Competence has a significance value (Sig.) of 0.000 ($p < 0.05$), indicating a significant impact on Audit Quality. This implies that higher auditor competence leads to better audit quality. Auditors with strong expertise in accounting standards, tax regulations, and audit techniques are more capable of detecting financial statement errors and providing accurate recommendations (Arens et al., 2019). Additionally, experienced auditors are better at identifying irregularities, enhancing audit credibility.
2) Auditor Independence also has a Sig. = 0.000 ($p < 0.05$), confirming its significant effect on Audit Quality. Independence is essential as it allows auditors to remain objective and free from external pressure (Mulyadi, 2018). Auditors who uphold their independence not only enhance public trust in audit reports but also prevent biased or manipulative practices. Both independence in fact and in appearance are key to maintaining audit integrity (DeAngelo, 1981).

Coefficient of Determination

Table 4. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915[a]	.837	.830	1.95139

a. Predictors: (Constant), Independensi Auditor, Kompetensi Auditor
b. Dependent Variable: Kualitas Audit

Source : SPSS Processor Results Version 23, 2025

The coefficient of determination test confirms that the regression model effectively explains the impact of Auditor Competence and Auditor Independence on Audit Quality. This is evidenced by an R value of 0.915, indicating a strong relationship between the independent variables and Audit Quality. Furthermore, the R Square (R^2) value of 0.837 shows that 83.7% of Audit Quality variations are explained by Auditor Competence and Independence, while 16.3% is influenced by other factors beyond this study model.

Table 5. Partial Determination Coefficient Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	-1.137	1.215		-.936	.354			
	Kompetensi Auditor	.459	.098	.455	4.693	.000	.862	.561	.274
	Independensi Auditor	.529	.101	.509	5.255	.000	.873	.604	.307

a. Dependent Variable: Kualitas Audit

Source : SPSS Processor Results Version 23, 2025

Based on the table above, the coefficient of partial determination of each independent variable can be calculated as follows:

a. Auditor Competency = 0.455 × 0.862 × 100% = 39.2%

b. Auditor Independence = 0.509 × 0.873 × 100% = 44.4%

The results show that Auditor Competence contributes 39.2%, while Auditor Independence contributes 44.4% to Audit Quality. This indicates that Independence has a greater impact than Competence in enhancing audit quality at Public Accounting Firms (KAP) in Bandung. While competence is essential for ensuring audit accuracy, auditor independence plays a more dominant role in determining audit quality

The first hypothesis (H_1) confirms that Auditor Competence has a regression coefficient of 0.459 with a significance value (Sig.) of 0.000 ($p < 0.05$), indicating a positive and significant impact on Audit Quality. The partial determination coefficient calculation

shows that Auditor Competence contributes 39.2% to Audit Quality. This aligns with the theory that auditors with strong skills, experience, and knowledge of audit standards are better at detecting errors and providing accurate audit opinions (Arens et al., 2021).

The second hypothesis (H_2) shows that Auditor Independence has a regression coefficient of 0.529 with a significance value (Sig.) of 0.000 ($p < 0.05$), confirming its positive and significant effect on Audit Quality. The partial determination coefficient indicates that Auditor Independence contributes 44.4% to Audit Quality, surpassing the influence of Auditor Competence. These findings reinforce that independent auditors produce more objective audits, free from external pressure, thereby enhancing audit reliability (Mulyadi, 2020). This is supported by Adelina, Linggariama, and Manopo (2023), who found that auditor independence significantly influences audit quality in Palembang's Public Accounting Firms.

The third hypothesis (H_3) reveals that the F-calculated value is 122.933 with a significance of 0.000 ($p < 0.05$), indicating that Auditor Competence and Independence together significantly impact Audit Quality. The R^2 value of 0.837 suggests that 83.7% of Audit Quality variation is explained by these two factors, while 16.3% is influenced by other unexamined variables. This confirms that highly competent and independent auditors consistently produce high-quality audits, supporting the theory that audit quality depends on technical expertise and auditor objectivity (DeAngelo, 1981). Research by Agustin, Yulinartati, and Nina (2023) also confirms that independence, experience, and competence collectively influence audit quality.

5. CONCLUSION & SUGGESTION

Conclusion

The study concludes that auditor competence and independence significantly impact audit quality at Public Accounting Firms (KAP) in Bandung. Auditor competence contributed 39.2%, while independence had a greater influence at 44.4%. Together, these factors explain 83.7% of audit quality variation, with 16.3% influenced by other factors. These findings highlight that auditor independence plays a more dominant role than competence in ensuring audit quality. Therefore, efforts to enhance audit quality should focus on improving auditors' technical skills and reinforcing independence in the audit process.

Suggestion

To enhance audit quality, KAP should enforce stricter policies on auditor independence, including periodic audit rotation and strengthened quality control. Additionally, auditor competence can be improved through professional certification (CPA), continuous training, and technological adoption in audits.

For auditors, staying updated on auditing standards, regulations, and industry best practices is essential, along with maintaining professionalism and independence in their duties. Future research should explore additional factors such as auditor workload, audit time pressure, and technology usage in audits, while expanding the study scope using qualitative or mixed-method approaches for deeper insights..

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