



# The Effect Of Independence And Professional Ethics On Auditor Integrity And The Implications For Audit Quality At East Jakarta Public Accounting Firms

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## ABSTRACT

The aim of this research is to examine and analyze the effect of independence and professional ethics on auditor integrity and its impact on audit quality. The data collection method uses a questionnaire with research subjects as auditors who work at KAP East Jakarta. Analysis prerequisite tests include normality test, linearity test, multicollinearity test, and heteroscedasticity test. The data analysis technique used to test the hypothesis is multiple regression analysis. Data analysis uses path analysis regression (Path analysis). The results of the research show that: 1) Independence has a positive and significant effect of  $0.032 < 0.05$  on auditor integrity, 2) Professional Ethics has an effect positive and significant of  $0.012 < 0.05$  on auditor integrity, 3) Independence has a positive and significant effect of  $0.033 < 0.05$  on audit quality, 4) Professional Ethics has a positive and significant effect of  $0.007 < 0.05$  on audit quality, 5) Auditor integrity positive and significant effect of  $0.014 < 0.05$  on Audit Quality, 6) integrity can be a mediator in the influence of independence on audit quality by mediation coefficient of 0.11088 (7) Integrity can be a mediator in the influence of professional ethics on audit quality with a mediation coefficient of 0.22752.

## INTRODUCTION

A public accounting firm (KAP) is a forum for public accountants to work and provide their services as public accountants. Services provided by public accounting firms are grouped into two, namely: 1) Attestation services include general audit of financial reports, examination of prospective financial reports, examination of pro forma financial information reporting, review of financial reports, and other audit and attestation services. 2) Non-attestation services which

include services related to accounting, finance, management, compilation, taxation and consulting. Based on Law No. 5 of 2011 concerning Public Accountants, those who are permitted to provide public accounting services are those who are members of the Indonesian Association of Public Accountants (IAPI). The law also stipulates that to establish a KAP you must obtain permission from the Minister of Finance of the Republic of Indonesia which is valid for five years and can be extended again. The need for public accounting services is growing every year along with developments in the world of business and industry. Public accounting services are increasingly needed to meet the level of trust of the investing public in the financial reports presented by companies, especially public companies. The public accounting profession is a profession trusted by the public. To support their professionalism as public accountants, in carrying out their audit duties, auditors must be guided by the audit standards set by the Indonesian Institute of Public Accountants (IAPI), namely general standards, field work standards and reporting standards. Apart from audit standards, an auditor must also comply with a professional code of ethics which regulates professional responsibility, professional competence and prudence, confidentiality, professional behavior and technical standards for an auditor in carrying out his profession. The high level of trust that users of financial reports have in public accountants requires public accountants to pay attention to the quality of their audits.

Audit quality is a characteristic or description of audit practices and results based on auditing standards and quality control standards which are a measure of the implementation of the duties and responsibilities of an auditor's profession. Audit quality relates to how well a job is completed compared to predetermined criteria. From the auditor's point of view, an audit is considered quality if the auditor pays attention to the general audit standards stated in the Statement of Auditing Standards including the professional qualities of the independent auditor, the judgment used in carrying out the audit, and the preparation of the auditor's report.

## LITERATURE REVIEW

### Independence

Independence in the audit profession. is the basis of the philosophical structure of the profession. The auditor profession is a profession that requires auditors to be able to carry out their professional duties. An auditor must be able to use his professional skills while maintaining an independent attitude. In contrast to other professions which must obey orders or wishes to use professional services because they are bound by contracts or fees given, an auditor must have and apply an independent attitude in carrying out audit tasks up to the time of making and reporting the results of the audit report to the client.

In the 2011 Public Accountant Professional Standards book section 220 PSA No. 04 Paragraph 2, explains that: This standard requires auditors to be independent, meaning not easily influenced, because they carry out their work in the public interest (differentiated in terms of practicing as an internal auditor). In this way, he is not allowed to take sides in anyone's interests, because no matter how perfect his technical skills are, he will lose his impartiality, which is very important for maintaining his freedom of opinion. Arens (2018) defines independence in auditing as a way of taking a point of view that is not biased or false. In certain situations, maintaining the independence of an auditor is not an easy matter. This is related to the many interests held by various parties such as company management and investors. According to Boynton (2017), the interpretation of independence consists of several themes, including: financial interests, business relationships, other services, litigation, and compensation that has not been paid by the client. According to De Angelo (in Muhammad Taufiq, 2018), the possibility that an auditor will report a misstatement depends on the auditor's independence. Independence will allow the auditor to be neutral towards the entity being audited and produce an objective audit report. Being independent means avoiding relationships that could interfere with the auditor's mental attitude and objective appearance in carrying out the audit.

There are two aspects of independence possessed by auditors: 1) independence in mental attitude (independence in mind), meaning the existence of honesty in the accountant to consider the facts and the existence of objective, impartial considerations in the accountant in expressing his opinion, 2) independence in appearance (independence in appearance) means that there is an impression from the public that public accountants act independently, so that public accountants must avoid factors that could cause the public to doubt their freedom. Abu Bakar et al. (2017) have conducted research on factors that influence independence, namely the size of the KAP, the level of competition between KAPs, the length of audit time, the amount of audit fees received by the KAP, the provision of management consulting services by the KAP, and the existence of an audit committee.

### **Professional Ethics**

Professional ethics for accountants in Indonesia are regulated in the Indonesian Code of Ethics for Accountants which is grouped into: 1) General code of ethics, consisting of 8 principles of professional ethics, which are the basis for professional ethical behavior, provide a basic framework for the Ethics Rules and regulate the implementation of the provision of professional services by members, which includes: professional responsibility, public interest, integrity, objectivity, professional competence and prudence, confidentiality, professional behavior and technical standards; 2) Code of Ethics for Compartment Accountants which is approved by the Compartment Member Meeting and is binding on all members of the Compartment concerned; 3) Interpretation of the Code of Ethics for Compartmental Accountants, which regulates the relationship between: auditors and their colleagues, auditors and their superiors, auditors and auditees (the object of inspection), and auditors and the public. According to the Indonesian Code of Ethics for Accountants, there are eight ethical principles, namely: professional responsibility, public interest, integrity, objectivity, professional competence and prudence, confidentiality and professional behavior. According to Prakoso (2015), professional ethics is social ethics in that special ethics has duties and responsibilities to the science and profession it holds.

### **Integrity**

Arens (2017) states that "Integrity means that a person acts according to his or her conscience, in any situation." In the 2019 Public Accountant Professional Standards book, section 110 is explained as follows: 1) The principle of integrity requires every practitioner to be firmly honest and fair in professional and business relationships (110.1), 2) A practitioner should not relate to a report, communication or other information that he or she believes contains: a material error or misleading statement, a statement or information provided carelessly, or an omission or concealment that could mislead information intended to be used (110.2), 3) The practitioner does not violate paragraph 110.2 of this Code of Ethics if he provides a modified report on the matters set out in paragraph 110.2. According to Sukrisno (2019), indicators of integrity behavior are as follows: 1) Understanding and recognizing behavior according to the code of ethics, 2) Carrying out actions that are consistent with their values and beliefs, 3) Acting based on values even though it is difficult to do so, 4) Acting based on value even though there are quite large risks or costs.

Auditor integrity is a factor that can influence audit quality. Integrity is uncompromising adherence to a code of moral values and avoiding deception, expediency, falsehood, or any superficiality (Ulfa Indri Utami, 2017). The task of a public accountant itself is to be responsible for increasing the reliability of the company's financial reports, so that the company obtains accurate and trustworthy financial information (Agnes Eviyany & Narumi Lapoliwa, 2018). Integrity requires a member to, among other things, be honest and forthright without having to sacrifice the confidentiality of the service recipient so that the report presented can explain the truth of the facts, because in this way the public can recognize the professionalism of an

accountant (Wurangian, 2018). The important things that must be maintained in carrying out the quality of their duties as an auditor are that they need to be free from the interests of various parties, pay attention to integrity and objectivity, not allow misstatements to occur, and not take sides in any department. According to Sukrisno Agoes (2017:72) the indicators used to measure auditor integrity include honesty, freedom from conflicts of interest and not allowing material misstatement factors

### **Audit Quality**

De Angelo (1981) in Watkins et.al (2016), defines audit quality as the market probability that the financial statements contain material errors and the auditor will discover and report these material errors. Based on the research results of Wibowo et al. (2016), there is empirical evidence that KAP size has a positive relationship with audit quality, this is consistent with previous research by De Angelo (1981) which stated that KAP size will have a positive effect on audit quality. Thus, it is estimated that compared to small KAPs, large KAPs have better capabilities in conducting audits, so they are able to produce higher audit quality with the following arguments: the large number and variety of clients handled by KAPs, the wide variety of services offered, the breadth of geographical coverage, including the presence of international affiliations, as well as the large number of audit staff in a KAP. One of the factors that influences audit quality according to Kadek (2020) is independence. Apart from independence, professional ethics also affect audit quality. Audit quality is also influenced by the attitude of independent auditors in implementing the Public Accountant Professional Code of Ethics. Professional Ethics is needed so that what a profession does does not violate certain boundaries that can harm an individual or the wider community. These ethics will provide boundaries regarding what a profession must do and what it must avoid. With professional ethics, each profession has special rules that must be obeyed by those who carry out the profession.

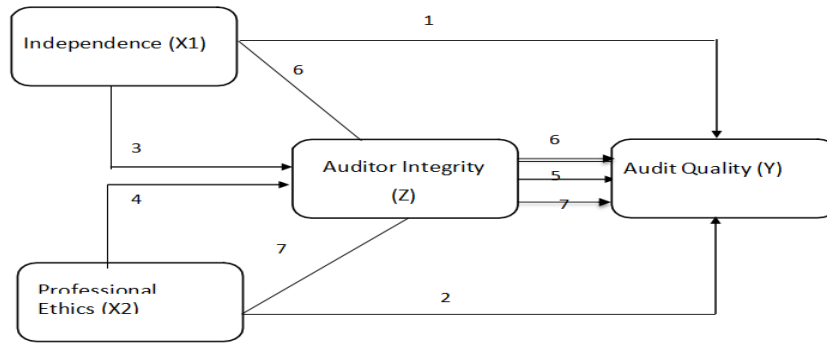
Research on audit quality has been carried out by several researchers. Nungky (2017) conducted research on the influence of work experience, independence, objectivity, integrity, competence and ethics on audit quality. The results of the research show that the variables of work experience, independence, objectivity, integrity, competence and ethics have a significant effect on audit quality. The results of this research are in line with Kadek (2020) who examined the influence of independence, professionalism, professional ethics and gender on audit quality. The results of this research prove that independence, professionalism, professional skepticism and professional ethics have a positive effect on audit quality, while gender has a negative effect on audit quality. The objectives of this research are: 1) Provide empirical evidence of the direct influence of independence and professional ethics on auditor integrity, 2) Provide empirical evidence of the direct influence of independence, professional ethics and auditor integrity on audit quality, 3) Provide empirical evidence of the indirect influence of independence and ethics profession towards audit quality through auditor integrity as mediation.

### **METHODS**

The method used in this research is path analysis. to determine the causal relationship between variables by looking at the direct or indirect influence between exogenous variables and endogenous variables. According to Sugiyono (2017:70) path analysis is part of the regression model which can be used to analyze cause and effect relationships between one variable and another variable. Path analysis is used using correlation, regression and paths so that it can be known to arrive at the intervening variable.

The rationale for this research can be described as follows

**Figure 1 Framework of Thought**



The path diagram model was created based on the variables studied, in this study the variables studied were Independence (X1), Professional Ethics (X2), Audit Quality (Y) and Integrity (Z).

Direct influence and indirect influence can be seen as follows:

**Direct Results (Direct Effect)**

The results of X1 and X2 against Y, Z and the results of Y against Z or more simply can be seen as follows:

$$X1, X2 \rightarrow Y : \rho_{yx1}, \rho_{yx2}$$

$$Y \rightarrow Z : \rho_{zy1}, \rho_{zy2}$$

$$Z \rightarrow \epsilon_1$$

**2. Indirect Results (Indirect Effect)**

The indirect result is from X to Z through Y, or more simply it can be seen as follows:

$$X \rightarrow Y \rightarrow Z : (\rho_{yx}), (\rho_{yz})$$

From the framework of thought and research model above, the hypothesis that can be given is:

- H1: Independence has a direct effect on audit quality
- H2: Professional ethics has a direct effect on audit quality
- H3: Independence has a direct effect on auditor integrity
- H4: Professional ethics has a direct effect on auditor integrity
- H5: Auditor integrity has a direct effect on audit quality
- H6: Independence has an indirect effect on audit quality through auditor integrity
- H7: Professional ethics has an indirect effect on audit quality through auditor integrity

The population used in this research were auditors who worked at 6 Public Accounting Firms (KAP) in the East Jakarta area on district Jatinegara, Duren Sawit dan Pulo Gadung. The questionnaire was distributed to the 6 KAP and those who returned the questionnaire were the sample for this study.

**Table 1 List of KAP in The East Jakarta**

| No | Name KAP                  | Office Address  |
|----|---------------------------|---|
| 1. | KAP Abdul Aziz Fiby Ariza | Jl. Matahari 3 Blok 1 No.24, Malakasari, Duren Sawit, Jakarta Timur                 |
| 2. | KAP Adi Nuroni            | Jl. Inspeksi Saluran Blok C4, Kalimalang, Cipinang Muara, Jatinegara, Jakarta Timur |
| 3. | KAP Drs. Adenan           | Jl. Tongkol Raya, No.17 Kel. Jati/ Kec. Pulo Gadung, Jakarta Timur                  |

|    |                     |   |
|----|---------------------|---|
| 4. | KAP Drs. Afrizal SY | Jl. Kresna II No. 8, Sawah Barat, Duren Sawit, Jakarta Timur            |
| 5. | KAP Afwan           | Jl. Betung XI No.390, Pondok Bambu, Duren Sawit, Jakarta Timur          |
| 6. | KAP Drs. Armandias  | Rukan Permata Blok B5, Jl. Raya Bekasi Km 25 Pulo Gadung, Jakarta Timur |

## RESULTS

### Validity Test

Validity testing shows the accuracy and accuracy of the questionnaire distributed to respondents. To determine the validity of the statement of each variable, rcount is compared with r table, r table can be calculated with  $df = N - 2$ . The number of respondents in this study were 28, so  $df = 28 - 2 = 26$ ,  $r(0.05; 26) = 0.3739$ . If  $r \text{ count} > r \text{ table}$  then the statement is said to be valid.

**Table 2 Validity Test Results**

| Independensi (X1)  |                                    |         |             |
|--------------------|------------------------------------|---------|-------------|
| Item               | Corrected Item – Total Correlation | R table | Description |
| X1.1               | .407                               | 0.3739  | Valid       |
| X1.2               | .636                               | 0.3739  | Valid       |
| X1.3               | .504                               | 0.3739  | Valid       |
| X1.4               | .591                               | 0.3739  | Valid       |
| X1.5               | .535                               | 0.3739  | Valid       |
| Etika Profesi (X2) |                                    |         |             |
| Item               | Corrected Item – Total Correlation | R table | Description |
| X2.1               | .398                               | 0.3739  | Valid       |
| X2.2               | .496                               | 0.3739  | Valid       |
| X2.3               | .633                               | 0.3739  | Valid       |
| X2.4               | .683                               | 0.3739  | Valid       |
| X2.5               | .458                               | 0.3739  | Valid       |
| Integritas (Y1)    |                                    |         |             |
| Item               | Corrected Item – Total Correlation | R table | Description |
| Y1.1               | .548                               | 0.3739  | Valid       |
| Y1.2               | .721                               | 0.3739  | Valid       |
| Y1.3               | .780                               | 0.3739  | Valid       |
| Y1.4               | .711                               | 0.3739  | Valid       |
| Y1.5               | .499                               | 0.3739  | Valid       |
| Audit Quality (Y2) |                                    |         |             |
| Item               | Corrected Item – Total Correlation | R table | Description |
| Y2.1               | .467                               | 0.3739  | Valid       |
| Y2.2               | .461                               | 0.3739  | Valid       |
| Y2.3               | .743                               | 0.3739  | Valid       |
| Y2.4               | .686                               | 0.3739  | Valid       |
| Y2.5               | .631                               | 0.3739  | Valid       |

The validity test results show that all statements for each variable in the questionnaire are valid. This is evidenced by the Corrected Item-Total Correlation value  $> 0.3739$ . In accordance

with the purpose of conducting a validity test is to see how much the ability of the statement can find out the respondent's answer. So it can be concluded that all statements submitted by researchers in the questionnaires distributed to respondents can be used as appropriate measuring instruments rcount> rtable, then the statement is said to be valid.

**Reliability Test**

Reliability testing shows how much an instrument can be trusted and used as a data collection tool. The method used is Cronbach's Alpha method. A research instrument is said to be reliable if the alpha value is > 0.60.

**Table 3 Reliability Test Results**

| Item           | Cronbach's Alpha |
|----------------|------------------|
| Independensi   | 0.691            |
| Etika Profesi  | 0.662            |
| Integritas     | 0.760            |
| Kualitas Audit | 0.733            |

Based on the reliability test results above, it shows that the instrument shows a high level of reliability, this is evidenced by the alpha coefficient value > 0.60, so the measurement results that will be obtained can be trusted.

**Normality Test**

**Table 4 Results Of Normality Testing Of Path Analysis Data 1 (Independent Influence And Professional Ethics On Integrity)**

**One-Sample Kolmogorov-Smirnov Test**

|                                  |                | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N                                |                | 28                      |
| Normal Parameters <sup>a,b</sup> | Mean           | .0000000                |
|                                  | Std. Deviation | .89003379               |
| Most Extreme Differences         | Absolute       | .107                    |
|                                  | Positive       | .107                    |
|                                  | Negative       | -.090                   |
| Test Statistic                   |                | .107                    |
| Asymp. Sig. (2-tailed)           |                | .200 <sup>c,d</sup>     |

- a) Test distribution is Normal.
- b) Calculated from data.
- c) Lilliefors Significance Correction.
- d) This is a lower bound of the true significance

In accordance with the Kolmogorov-Smirnov test shown, the unstandaralized residual significance value or Asymp.Sig. (2-tailed) of 0.200 is greater than 0.05. The results of this test indicate that the residual value is normally distributed because the significance value is greater than 0.05. Thus, the results of this study on the first path are declared acceptable because the data analyzed have met the normality test criteria.

**Table 5 Results Of Normality Testing Of Path Analysis Data 2 (Effect Of Independence, Professional Ethics And Integrity On Audit Quality)**  
**One-Sample Kolmogorov-Smirnov Test**

|                                  |                | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N                                |                | 28                      |
| Normal Parameters <sup>a,b</sup> | Mean           | .0000000                |
|                                  | Std. Deviation | .47371187               |
| Most Extreme Differences         | Absolute       | .099                    |
|                                  | Positive       | .099                    |
|                                  | Negative       | -.080                   |
| Test Statistic                   |                | .099                    |
| Asymp. Sig. (2-tailed)           |                | .200 <sup>c,d</sup>     |

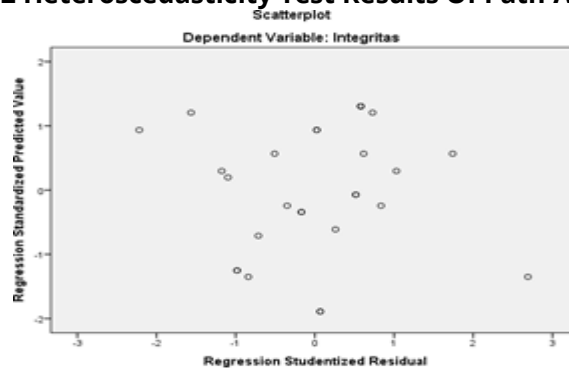
- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

In accordance with the Kolmogorov-Smirnov test, the unstandardized residual significance value or Asymp.Sig. (2-tailed) of 0.200 is greater than 0.05. The results of this test indicate that the residual value is normally distributed because the significance value is greater than 0.05. Thus, the research results on path analysis 2 are declared acceptable because the data analyzed have met the normality test criteria.

**Heteroscedasticity Test**

The results of the heteroscedasticity test can be seen through the following scatterplot graph:

**Figure 2 Heteroscedasticity Test Results Of Path Analysis 1**



**Figure 3 Heteroscedasticity Test Results Of Path Analysis 2**





From the picture above, it can be seen that the results of heteroscedasticity testing on path analysis 1 and 2 on the scatterplot display of the dependent variable, namely integrity and audit quality, show that the points spread above and below on the Y axis, so it can be concluded that this research model is free from heteroscedasticity.

### Multicollinearity Test

In this study, the multicollinearity test was carried out by looking at the tolerance and VIF values. If the tolerance value is more than 0.1 and the VIF value is less than 10, then there is no multicollinearity in the research regression equation. The multicollinearity test results can be seen as follows

**Table 6 Multicollinearity Test Results Path Analysis 1**

| Model |               | Collinearity Statistics |       |
|-------|---------------|-------------------------|-------|
|       |               | Tolerance               | VIF   |
| 1     | (Constant)    |                         |       |
|       | Independensi  | .349                    | 2.869 |
|       | Etika Profesi | .349                    | 2.869 |

a. Dependent Variable: Integritas

Based on the results of the multicollinearity test on path analysis 1, it can be concluded that the regression model does not occur multicollinearity problems. This can be seen from the VIF value of independence 2.869, and professional ethics 2.869 < 10, while the tolerance value of independence is 0.349, and professional ethics is 0.349 > 0.1. It can be concluded that the regression model is free from multicollinearity.

**Table 7 Multicollinearity Test Results Path Analysis 2**

| Model |               | Collinearity Statistic |       |
|-------|---------------|------------------------|-------|
|       |               | Tolerance              | VIF   |
| 1     | (Constant)    |                        |       |
|       | Independensi  | .289                   | 3.459 |
|       | Etika Profesi | .269                   | 3.713 |
|       | Integritas    | .280                   | 3.573 |

a. Dependent Variable: Kualitas Audit

As for the multicollinearity test results on path analysis 2, it can be concluded that the regression model does not occur multicollinearity problems. This can be seen from the VIF value of independence 3.459, professional ethics 3.713 and integrity 3.573 < 10, while the tolerance value of independence 0.289, professional ethics 0.269 and integrity 0.280 > 0.1. It can be concluded that the regression model is free from multicollinearity.

### Path Analysis

#### Path Analysis 1

Based on the first and second hypotheses analyzed by this study, the effect of independence and professional ethics on integrity. Multiple linear regression analysis is used because the dependent variable in the first and second hypotheses is integrity.

**Table 8 Multiple Linear Regression Analysis**

| Model         | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig. |
|---------------|-----------------------------|------------|---------------------------|-------|------|
|               | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)  | 2.553                       | 1.918      |                           | 1.331 | .195 |
| Independensi  | .385                        | .170       | .406                      | 2.268 | .032 |
| Etika Profesi | .790                        | .230       | .586                      | 2.712 | .012 |

a. Dependent Variable: Integritas

The following regression equation obtained is:

$$Y = a + \beta_1X + \beta_2X + e$$

$$Y = 2.553 + 0.385X + 0.427X + e$$

To test whether there is an influence or not, the t test is used in the first path analysis with the dependent variable integrity and the independent variable independence and professional ethics. so it is necessary to know the value of the t table at the 5% = 0.05 significance level, it can be found as follows: The value of t table with the number of samples (n) = 28, the number of independent variables (k) = 2, the significance level is 5% or 0.05, then:

- The significance value of independence on integrity is 0.032 <0.05 with t count of 2.268 > t table 2.05553. Thus hypothesis 1 formulated is accepted with the results of independence having a significant effect on integrity.
- The significance value of professional ethics on integrity is 0.012 <0.05 with t count of 2.712 > t table 2.05553. Thus, hypothesis 2 formulated is accepted with the results of professional ethics having a significant effect on integrity.

### Path Analysis 2

Based on the next hypotheses, namely the third, fourth and fifth analyzed by this study, the effect of independence, professional ethics, integrity on audit quality. Multiple linear regression analysis is used because the dependent variable is audit quality.

**Table 9 Multiple Linear Regression Analysis**

| Model         | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|---------------|-----------------------------|------------|---------------------------|-------|------|
|               | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)  | 3.707                       | 1.078      |                           | 3.439 | .002 |
| Independensi  | .230                        | .101       | .286                      | 2.266 | .033 |
| Etika Profesi | .351                        | .120       | .383                      | 2.926 | .007 |
| Integritas    | .288                        | .109       | .340                      | 2.648 | .014 |

a. Dependent Variable: Kualitas Audit

The following regression equation obtained is:

$$Y = a + \beta_1X + \beta_2X + \beta_3X + e$$

$$Y = 3.707 + 0.230X_1 + 0.351X_2 + 0.288X_3 + e$$

To test whether there is an influence or not, the t test is used in the second path analysis with the dependent variable audit quality and the independent variables independence, professional ethics and integrity. so it is necessary to know the value of the t table at the 5% =

0.05 significance level, it can be found as follows: The t table value with the number of samples (n) = 28, the number of independent variables (k) = 3, the significance level is 5% or 0.05. With a value of t = 2.05954 (on the t-table) then:

- 1) The significance value of independence on audit quality is 0.033 <0.05 with t count of 2.266 > t table 2.05954. Thus independence has a significant effect on audit quality.
- 2) The significance value of professional ethics on audit quality is 0.007 <0.05 with t count of 2.926 > t table 2.05954. Thus professional ethics has a significant effect on audit quality.
- 3) The significance value of integrity on audit quality is 0.014 <0.05 with t count of 2.648 > t table 2.05954. Thus integrity has a significant effect on audit quality.

### Sobel Test

#### a. The Effect of Independence on Audit Quality Through Integrity

Testing to prove the indirect effect of the independence variable on audit quality through integrity is done first knowing the results of testing the effect of integrity on audit quality. testing the effect of mediation is done using the sobel formula.

The results of testing the effect of integrity on audit quality show a path coefficient of 0.288. with a p-value of 0.014 greater than 0.05. These results mean that integrity has a significant effect on audit quality.

Testing the mediating effect between intervening variables and independent variables is done by calculating the sobel formula. The test results can be summarized as follows:

Path X1 → Y1 (a): 0.385

Path Y1 → Y2 (b): 0.288 Standard error a (Sa) : 0.170 Standard error b (Sb) : 0.109

The amount of the indirect coefficient of the independence variable on audit quality is the multiplication of the effect of the integrity variable on the integrity variable with integrity on audit quality, so that it is obtained as follows:

ab = Path X1 → Y1 (a) .

Path Y1 → Y2 (b)

= 0.385 . 0.288

= 0.11088

The magnitude of the indirect standard error of independence on audit quality is the multiplication of the effect of independence on integrity with integrity on audit quality, so that it is obtained as follows:

Sab =  $\sqrt{b^2 \cdot Sa^2 + a^2 \cdot Sb^2 + Sa^2 \cdot Sb^2}$

=  $\sqrt{(0.288)^2 (0.170)^2 + (0.385)^2 (0.109)^2 + (0.170)^2 (0.109)^2}$

=  $\sqrt{0.002397 + 0.001761 + 0.000343}$

=  $\sqrt{0.004502}$

= 0.067093

$$t = \frac{ab}{Sab}$$

$$= \frac{0.11088}{0.067093}$$

$$= 2.262$$

The t value of 2.262 is greater than 1.96, which means that the mediation parameter is significant. Thus, the model of the indirect effect of the independence variable on audit quality through integrity can be accepted.

#### b. The Effect of Professional Ethics on Audit Quality Through Integrity

Testing to prove the indirect effect of professional ethics variables on audit quality through integrity is done first knowing the results of testing the effect of integrity on audit

quality, testing the effect of mediation is done using the sobel formula.

The results of testing the effect of integrity on audit quality show a path coefficient of 0.288. with a p-value of 0.014 greater than 0.05. These results mean that integrity has a significant effect on audit quality.

Testing the mediating effect between intervening variables and independent variables is done by calculating the sobel formula. The test results can be summarized as follows: Path X2 → Y1 (a) : 0.790 Path Y1 → Y2 (b) : 0.288 Standard error a (Sa) : 0.230 Standard error b (Sb): 0.109

The magnitude of the indirect coefficient of the professional ethics variable on audit quality is the product of the influence of the professional ethics variable on the integrity variable with integrity on audit quality, so it is obtained as follows:

$$\begin{aligned}
 ab &= \text{Path X2} \rightarrow \text{Y1 (a)} \cdot \text{Path Y1} \rightarrow \text{Y2 (b)} \\
 &= 0.790 \cdot 0.288 \\
 &= 0.22752
 \end{aligned}$$

The magnitude of the indirect standard error of professional ethics on audit quality is the multiplication of the influence of professional ethics on integrity with integrity on audit quality, so the following is obtained:

$$\begin{aligned}
 Sab &= \sqrt{b^2 \cdot Sa^2 + a^2 Sb^2 + Sa^2 Sb^2} \\
 &= \sqrt{(0.288)^2 (0.230)^2 + (0.790)^2 (0.109)^2 + (0.230)^2 (0.109)^2} \\
 &= \sqrt{0.004388 + 0.007415 + 0.000629} \\
 &= \sqrt{0.012431} \\
 &= 0.111495
 \end{aligned}$$

$$\begin{aligned}
 t &= \frac{ab}{Sab} \\
 &= \frac{0.22752}{0.111495} \\
 &= 2.0406
 \end{aligned}$$

The t value of 2.0406 is greater than 1.96, which means that the mediation parameter is significant. So, the indirect influence model of professional ethics variables on audit quality through integrity can be accepted.

**Coefficient Of Determination Test Results (R2)**

**Table 11 Determination Coefficient Test Results**

**Hasil Uji Koefisien Determinasi (R<sup>2</sup>) Analisis Jalur Pertama**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .849 <sup>a</sup> | .720     | .698              | .92495                     |

a. Predictors: (Constant), Etika Profesi, Independensi

b. Dependent Variable: Integritas

The table above shows that the R Square value in the first path analysis with the dependent variable integrity and the independent variable, namely independence and professional ethics, is 0.720, thus it can be concluded that integrity can be explained by independence and professional ethics by 72% while the remaining 28% is explained by other variables. which was not observed in this study.

**Hasil Uji Koefisien Determinasi (R<sup>2</sup>) Analisis Jalur Kedua**  
**Model Summary<sup>b</sup>**

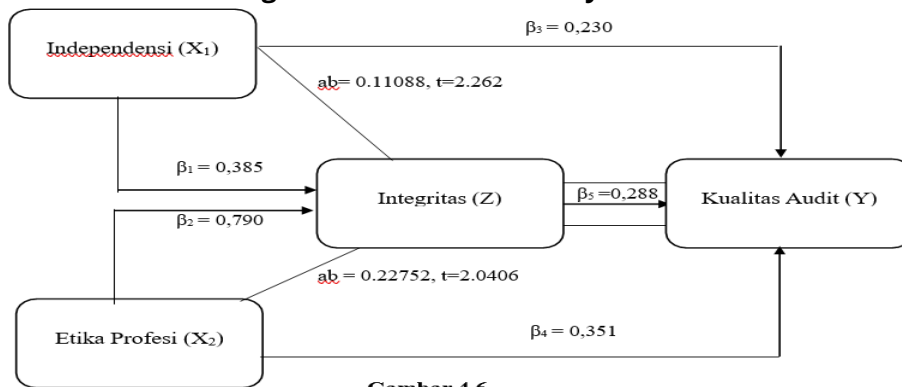
| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .943 <sup>a</sup> | .889     | .875              | .50245                     |

a. Predictors: (Constant), Integritas, Independensi, Etika Profesi

b. Dependent Variable: Kualitas Audit

The table above shows that the R Square value in the second path analysis with the dependent variable audit quality and the independent variables namely independence, professional ethics and integrity is 0.889, thus it can be concluded that audit quality can be explained by independence, professional ethics and integrity at 88.9%. while the remaining 11.1% is explained by other variables not observed in this study.

**Figure 4 Results Path Analysis**



Gambar 4.6

**DISCUSSION**

Independence has a positive influence on auditor integrity. Because the attitude of independence is part of an auditor's code of ethics, if the auditor upholds his independence, an auditor will have more value in the eyes of the client. Integrity is the quality that underlies public trust and is a benchmark for members in testing all their decisions.

This is also justified by the theoretical statement conveyed by Arens (2017) which states that "Integrity means that a person acts according to his heart, in any situation. Auditors who have a strong attitude of independence will increasingly act according to their heart without any coercion from anyone, both internal and external coercion. This study also proves that an attitude of independence will uphold the integrity of an auditor. The results of this study are in line with research conducted by (Fefri Indra Arza; 2019) also said that independence has a significant effect on integrity. Therefore, an independent attitude will increase the integrity of an auditor. The high attitude of independence will indicate that the auditor has high integrity.

Professional ethics has a positive influence on auditor integrity. Because the professional ethics of accountants in Indonesia have been regulated in the Indonesian Accountants Code of Ethics. So that these rules become the basis for auditors in conducting audits. If an auditor has been guided in accordance with applicable standards and complies with professional ethics, the client will give more trust to the auditor. This will further increase the integrity of an auditor in his work. Because for auditors it is important to maintain and increase public trust, each member must fulfill his professional responsibilities with the highest possible integrity. One of the things that can influence this is complying with applicable professional ethics applicable. The results of this study are in line with research conducted by Turyansyah Cahya (2018) which states

that professional ethics affect the integrity of auditors. The trust generated by the client can survive if the auditor has never taken actions that violate professional ethics.

Independence has a positive influence on audit quality. The high attitude of independence will further improve the quality of the resulting audit. Quality audit results can facilitate users of financial statements in the decision-making process. If the auditor loses his independence, the audit report is not in accordance with the existing facts so that it cannot be used as a basis for decision making. This is in line with previous research conducted by (Elfarini; 2017) which states that independence has a positive effect on audit quality. The higher the independence attitude instilled in an auditor, the more it will prove quality audit results.

Professional ethics have a positive influence on audit quality. Because professional ethics is an ethical foundation that must be understood and implemented by every auditor. In carrying out an examination, an auditor must uphold his professional ethics as an auditor in order to create transparency in financial management. So that if the auditor in carrying out the auditor examination upholds professional ethics, it will result in better audit quality and affect public trust in the auditor profession. This is in line with previous research conducted (Kisnawati; 2015) that professional ethics has an influence on audit quality. The auditor certainly provides an opinion on the appropriateness of the presentation of financial statements, therefore an auditor must provide a quality accountant's report as a manifestation of his opinion from the results of the financial examination he has carried out. This has also been regulated by applicable standards, which are the basis for auditors in conducting audits.

Integrity has a positive influence on audit quality. This indicates that the higher the integrity of an auditor, the higher the quality of the audit provided. Auditors who uphold high integrity will certainly gain more trust from their clients. This trust will have an impact on the work he will produce. So that a public accountant who applies high quality standards, the public's trust in audit quality will be higher. If the auditor in conducting the examination ignores the applicable standards and does not have strong integrity, it will affect the image of the auditor which will decrease which affects the quality of the audit. So this research justifies that auditors are required to act to be honest and transparent, courageous, wise and responsible in carrying out audits. This will encourage the quality of the audit provided by the auditor. This is in line with previous research conducted (Mutiara Sari, 2019) that integrity affects audit quality.

The positive influence between independence on audit quality will be stronger to improve the reputation of an auditor if he has an independent attitude accompanied by his integrity as an auditor. In other words, auditors who have an independent attitude and a high attitude of integrity will be able to conduct objective audits so that the results they have will be of high quality, and vice versa. Auditors who have high independence are a necessity for public trust in the quality of audits provided by these professionals. In this statement, it can be concluded that independence can affect audit quality which can generate public trust in the services offered by an auditor so that auditor ethics cannot strengthen the relationship between independence and audit quality.

The auditor's ethical relationship is related to the relationship between the client and not related to the quality of the audit that will be produced by the auditor. integrity can be a mediator in the influence of professional ethics on audit quality. Ethics is an attitude and behavior that shows a person's willingness and ability consciously to obey the provisions and norms that apply in an organization. Auditors who adhere to their professional ethics will be more trusted by the public in conducting audits. Auditors who conduct audits in accordance with their code of ethics will provide results that are what they are, which makes the integrity of auditors more trusted. This will have an impact on improving audit quality.

Based on the results of testing hypothesis 7, the positive effect between professional ethics on audit quality will be stronger to improve the reputation of an auditor if he complies with applicable professional ethics and has an impact on increasing his integrity as an auditor. In other words, auditors who have an attitude of obeying the code of ethics and an attitude of high

integrity will be able to conduct objective audits so that the results they have will be of high quality, and vice versa.

## CONCLUSION

1. From the results of testing the first hypothesis, it can be concluded that independence influences audit integrity. The higher the independent attitude of an auditor, the greater the ability to increase audit integrity.
2. From the results of testing the second hypothesis, it can be concluded that professional ethics influences audit integrity. The higher the auditor's compliance with professional ethics, the more audit integrity he will be able to increase.
3. From the results of testing the third hypothesis, it can be concluded that independence influences audit quality. The higher an auditor's independent attitude, the better the audit quality will be.
4. From the results of testing the fourth hypothesis, it can be concluded that professional ethics influences audit quality. The higher the auditor's compliance with professional ethics, the better the audit quality will be.
5. From the results of testing the fifth hypothesis, it can be concluded that integrity influences audit quality. The higher the integrity of an auditor, the better the audit quality will be.
6. From the results of testing the sixth hypothesis, it can be concluded that integrity can mediate the relationship between independence and audit quality.
7. From the results of testing the seventh hypothesis, it can be concluded that integrity can mediate the relationship between professional ethics and audit quality.

## SUGGESTION

The data collection method only uses a survey through a questionnaire, so that the answers in this study only cover the questions in the questionnaire. and this research was only conducted at the Public Accounting Firm in East Jakarta, so the data that can be used in this study is relatively small. besides that this study only uses variables of independence, professional ethics and integrity. Meanwhile, there are still many other variables that may be factors that affect audit quality.

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