

Determinant Factors Affecting The Audit Quality : An Indonesian Perspective

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The aims of this research are to analyze determinant factors affecting the audit quality, namely : independence, experience, and accountability. Independence is the main basis of public trust in the public accountant profession and it is one of the factors to evaluate the quality of audit service. Experience is defined as one's skill which is obtained by working regularly. Then, accountability is defined as a social psychological motive that makes someone try to be responsible for all their actions and decisions for the environment. The location of this research was in 28 Public Accounting Firms in Central Java and Jogjakarta provinces, Indonesia with around 150 auditors. There were 150 questionnaires distributed around February until June 2011, but only 65 questionnaires returned, so that response rate was 43%. This paper tests the hypothesis that independence, experience and accountability affect audit quality. The findings of this research support that independence and accountability affect audit quality and reject that experience affects audit quality. The results show that: 1) independence, experience and accountability affected audit quality simultaneously; 2) independence and accountability affected audit quality partially, meanwhile experience did not affect audit quality partially; 3) accountability was the dominant factor affecting audit quality.

Keyword: Auditor's Perception, Independence, Experience, Accountability, Audit Quality

Field Research : Auditing and Assurance

1. Introduction

1.1 Research Background

Audit service is very important to increase financial statement users' trust in the financial report. This service will give added value to the financial statement, in which users apply this information for decision making. However, some corporate scandals have decreased users' trust in the auditors of public accounting firms. For instance, scandals occurred in Enron Corporation and World Com in USA around 2001 and 2002; Kimia Farma, Indo Farma, Agis and Bank of Century in Indonesia between 2001 and 2008.

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Based on the phenomena of many business scandals, as above, it is important to improve the audit quality, by analyzing the factors that affect audit quality. Auditors should keep and improve the independence, competency and accountability in conducting their engagement, so that the audit quality increases. An independent audit provides a necessary external check on the integrity of financial statements. Auditor's independence is important in the context of audit quality because the independent audit is critical to the credibility and integrity of financial statements. A lack of independence impairs an auditor's ability to exercise objective audit judgments and affects confidence in the audit process (Treasury 2010).

Alim (2007) found empirical evidence that auditor's independence had a significant effect on audit quality. Without audit service by an independent party, the reliability of financial statements could not be assured.

Public accountants in conducting their jobs are regulated by the code of professional ethics. In Indonesia, it is managed by Indonesian Public Accountant Code of Professional Ethics (IPACPE) arranged by the Indonesian Accountant Association (IAA). Paragraph 1 section 2 of IPACPE states that each member should have and keep integrity, objectivity and independence in doing his/her engagements. With the existence of IPACPE, the users of audited financial statements can evaluate how an auditor is doing his/her job in compliance with the rules and regulations (IAA 2010).

Because of the important result of an audit process, the auditor must maintain quality in accordance with the generally accepted auditing standard (GAAS) when accumulating and evaluating the auditing evidence. He/she has to give the audit opinion based on professional judgment. The auditor is encouraged to have accountability on each part of an audit activity. Therefore, the purpose of an audit activity needs sufficient competent evidences so that it can run successfully. Accountability is defined as social and psychological stimulation done to finalize one's obligation. Cloyd (1997) found empirical evidence that accountability could increase audit quality.

Based on that position, an auditor is encouraged to keep clients' and users' trust. The auditor has to monitor, to learn and to implement new regulations and standards continuously, such as the newest Indonesian Professional Standard of Public Accountant (IPSPA), which includes auditing, attestation, review and compilation, consulting service and quality assurance. One purpose of that auditing standard is to regulate the independence and competence of the auditor (IAA 2010).

The general standard of IPSPA section 210 about auditor competency states that "audit has to be conducted by someone who has competency and adequate technical skills as an auditor" (IAA 2010). The first general auditing standard requires the auditor to have relevant educational background and adequate competency. An auditor has to improve the competency by joining the advanced education provided by IIA and adequate working experience.

Audit experience is related to how long the auditor works and to how many audit engagements have been finished. Technically, the audit expertise will increase with

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more experience in doing audit tasks. More experience will give more audit quality, particularly in making audit judgments. Coklin (1993) found that someone with more experience in a specific field had more ability in developing specific cases related to his/her experience.

The findings of this research, in which independence affects audit quality, is in accordance with Alim (2007) and De Angelo (1981). This research shows that experience does not affect the audit quality which is contrary to Kolodner's argumentation (1996). On the other hand, this finding is in line with Ashton (1990). Consistent with prior study, this research shows that accountability affects audit quality. This finding agrees with Meisser and Quillim (1992), Cloyd (1997), Tan and Libby (1997) and Tan and Kao (1999).

This research has been organized into five parts. After the Introduction, the literature review has been given in the second section. The third section is devoted to methodology. Then, the findings and discussion are in section four.. The conclusion is rendered in the fifth section.

1.2 Problem Formulation

The problem formulations of this research are as follows.

- (1) Do independence, experience and accountability affect audit quality simultaneously?
- (2) Do independence, experience and accountability affect audit quality partially?
- (3) Which variable has the dominant effect on audit quality?

2. Literature Review

An auditor needs a public trust when doing his/her tasks, particularly when providing audit service to his/her clients. It is very important for the users of financial statement to presume the auditor from a public accounting firm is an independent party having adequate experience and good accountability. This will affect the users perception about the quality of the audit service.

The value of audited financial statement rests on the assumption that the auditors are independent of their clients (Gul 1989). Mautz and Sharaf (1961) explain that there are two aspects of independence, namely, the real independence of the individual practitioner in the performance of his/her work and the apparent independence of auditors as a professional group. Practitioner independence means that an auditor has to do with the ability of the individual practitioner to maintain the proper attitude in the planning of his/her audit program, the performance of his/her verification work and the preparation of his report. Profession-independence has to do with the image of auditors as a group brought to mind when the term "auditor" or CPA is used. Arens (2010) explains that the first aspect of an auditor's independence is in terms of independence in fact and of independence in appearance.

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For both aspects of independence, Mautz and Sharaf (1961) have advocated the recognition of three dimensions of independence, as follows.

- (1) Programming independence. It is freedom from control or undue influence in the selection of audit techniques and procedures and in the extent of their application. This requires that an auditor has freedom to develop his/her own program, both as to steps to be included and the amount of work to be performed, within the over-all bounds of the engagement.
- (2) Investigative independence. It is freedom from control or undue influences in the selection of areas, activities, personal relationships and managerial policies to be examined.
- (3) Reporting independence. It is freedom from control or undue influence in the statement of facts revealed by the examination or in the expression of recommendations or opinion as a result of the examination.

IAA (2010) states that independence is an expected auditor behaviour that directs an auditor does not have personal interest in doing his/her jobs, because it will be contrary to integrity and objectivity principles. If a public accountant is not independent of the client, his/her audit opinion will be useless because the purpose of this opinion is to increase the credibility of financial statement as a management assertion (Aren, 2010). Alim (2007) in his research showed empirical evidence that independence affects audit quality.

Prior studies also identified that many factors affected auditor's independence, such as non audit services (NAS), audit fee, level of competition, audit tenure, size of the audit firm and audit committee (Shocley 1982, Gul 1989, Houghton & Ikin 2001, Craswell et al. 2000, and Firth 1997).

As auditor independence and audit quality is hard to observe, extant literature uses earnings management surrogates (Menon & Williams 2004; Myers et al. 2003),, accounting conservatism (Hamilton et al. 2005) or audit opinion issuance (Defond et al., 2002; Geiger & Raghunandan 2002) as estimations of audit quality. Following Defond et al. (2002) and Geiger and Raghunandan (2002), Dang (2004) argued that the audit report is the final outcome of the audit process, and is the only external communication of what the auditor has done and concluded during the audit.

Experience is expertise obtained by someone after a long time period of work. The use of experience as an independent variable is based on the assumption that repeated work in a long-time period will improve the quality of work. Kolodner (1996) showed how the experience could be used to improve the decision making performance. In that research, which had similar finding to this research, experience was divided in two dimensions, i.e., how long the working period and the frequency in doing audit engagements. It is interesting to re-examine the effects of experience as an independent variable on audit quality because many researchers fail to prove this hypothesis. Ashton (1990) argues that it is because the accounting and audit decisions take time to learn.

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The auditing process is "*primarily human endeavors and audit firms are very dependent upon the quality of their professionals, including competence and decision-making skills*" (Smith et al. 2009). DeFond and Francis (2005) suggest pushing the analysis to the individual level, if possible, because determinants of audit quality should be more significant at the individual level.

Both types of audit experience potentially affect audit quality. First, as the auditor gains more general experience in the audit profession, he/she acquires more competency, which, in turn, improves audit quality. Second, besides general audit experience, the auditor simultaneously accumulates client-specific experience, which potentially has two offsetting effects on audit quality. On the one hand, more in-depth knowledge about the specific client's business operations, accounting systems and risks potentially leads to higher audit quality (Cohen Commission, AICPA 1978, pp. 109; the Treadway Commission, NCFRR, 1987, p.54; Knapp 1991). On the other hand, more client-specific experience translates to long auditor tenure, which may induce both intentional and unintentional bias in the auditor's judgment and decision-making process, leading to lower audit quality.

The findings of Wang et al. (2012) showed that the earnings response coefficient and abnormal trading volume are higher for firms audited by more experienced auditors. These results are robust even after controlling for audit firm characteristics. These findings were consistent with the notion that audit partner experience increases both actual and perceived audit quality.

Accountability plays a critical role in the development of trust during human interaction (Friedman & Grudin 1998). Thus, accountability is viewed both as a tool to achieve practical security (Lampson 2004) and as a first-class design goal of services in federated distributed systems (Yumerefendi & Chase 2004).

Accountability from the auditor in finishing the audit work also affects the audit quality. Cloyd (1997) examined the interaction between accountability and expertise to determine quality in finishing the audit work. This research shows that accountability consists of three dimensions, i.e., motivation, dedication to the profession and social obligation, that could improve the quality of audit work for a subject who has high expertise.

Jagadesan et al. (2009) made two contributions towards bringing such formal foundations to the study of accountability. First, they described an operational model of accountability based systems. Honest and dishonest principals were described as agents in a distributed system where the communication model guarantees point-to-point integrity and authenticity. Auditors and other trusted agents (such as trusted third parties) are also modelled internally as agents. Behaviours of all agents were described as processes in a process algebra with discrete time. Auditor implementability was ensured by forcing auditor behaviour to be completely determined by the messages that it receives. Second, they described analyses to support the design of accountability systems and the validation of auditors for finitary systems (those with finitely many principals running finite state processes with finitely many message kinds). They

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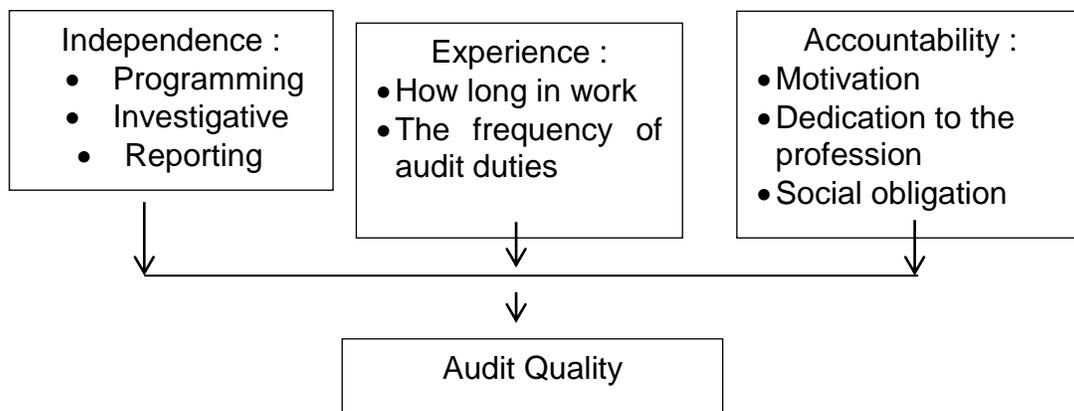
compiled finitary systems to (turn-based) games and used alternating temporal logic to specify the properties of interest.

Financial reporting plays an integral role in the financial system by striving to provide unbiased, transparent and relevant information about the economic performance and condition of business. Effective financial reporting depends on high quality accounting standards as well as the consistent and faithful application and rigorous independent audit and enforcement of those standards. Financial reporting is of great importance to investors and other financial market participants in their resource allocation decisions and to regulators and other users. The confidence of all these users in the transparency and integrity of financial reporting is critically important to global financial stability and sound economic growth (IASB 2009).

De Angelo (1981) defines the audit quality as the probability can auditor can find and report the existence of violation in the client accounting system. This research will relate the ability to find the violation in the client accounting system with the auditor experience because it can support the technical competences needed. On the other side, it is also to report the violation in the client accounting system because the auditor has independence and accountability.

Therefore, the framework of thinking in this research is described in the following figure :

Figure 1: Framework of Thinking



This framework of thinking is designed to answer an unsolved problem in prior research, that from those independent variables, i.e., independence, experience and accountability;, which one has the dominant effect on audit quality.

Based on literature review, the hypotheses in this research consist of:

- (1) independence, experience and accountability affect audit quality simultaneously
- (2) independence, experience and accountability affect audit quality partially

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(3) independence is the dominant factor that affects audit quality

3. Methodology

3.1. Research Method

This research uses a survey method, that is, by questionnaires distributed to respondents. The respondents on this research are auditors from Public Accounting Firms (PAFs) in Central Java and Jogjakarta Provinces, Indonesia. There are 20 PAFs in Central Java and 8 PAFs in Jogjakarta with approximately 150 auditors. Then, all of the data were analyzed and explained using the descriptive method.

3.2. Sampling

Sampling is determined by *simple random sampling*, in which all populations have similar probability to become a sample. The usage of this sampling method on this research is because the characteristic of the respondents on this research is quite similar. Therefore, all respondents has similar probability to become a sample. Minimum size of samples is determined with Slovin Formula, as the following (Umar, 2004) :

$$n = \frac{N}{1 + Ne^2}$$

Explanation :

n = Minmum size of samples

N = Total Populations

e = sampling error on this research (10%)

Thus, the minimum size of samples on this research is 60. 150 questionnaires had been distributed to all respondent around February until June, 2011 *but only 65 questionnaires returned, so that response rate was 43%*.

3.3. Variables and Measurement

- a. Independence (X_1) in this research is measured with instruments developed by Mautz and Sharaf (1961), namely, programming independence, investigative independence and reporting independence. In this research, the author has developed a questionnaire based on Mautz and Sharaf's model.
- b. Experience (X_2) in this research is measured with instruments developed by Kalbers and Forगतy (1995), consisting of how long the auditor worked and frequency of audit work. In experience point of view, auditor must have working experience at least 3

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years. It is assumed that one audit job could be completed in two months, so the frequency of audit work could be 18 times on around 3 years.

- c. Accountability (X_3) in this research is measured with instruments developed by Kalbers and Forgaty (1995), consisting of dedication to the profession and social obligation. The author has asked questions based on Kalbers and Forgaty's model
- d. Audit quality (Y) in this research is measured with instruments developed by Behn et al (1997), consisting of : (1) awareness of client industry, (2) responsiveness to client needs, (3) compliance with audit standards, (4) prudent work, (5) commitment to quality, (6) involvement of the senior auditor, (7) high ethical standards and (8) professional scepticism. The author has asked questions based on Behn et al.'s model.

3.4. Statistical Analysis

(1) Validity Testing

The purpose of validity testing is to know how far the instruments measure correctly and accurately. Validity testing used *product moment correlation* with the criterion of acceptance as the following :

The item of questionnaire is valid if $r_{\text{statistic}}$ is higher than r_{table} (*critical value*) at degree of freedom 95% ($\alpha = 0.05$).

(2) Reliability Testing

The purpose of reliability testing is to examine the consistency of the data. In this research the reliability is measured by the *internal consistency approach*, that is, the concept stressing on the consistency between items in the questionnaire. Reliability measurement with *one shot*, and then the result will be compared with other items in the questionnaire. SPSS software gives the facility to analyze this test using *Cronbach's Alpha*. A construct or variable is reliable if the Cronbach's Alpha is more than 0.6 (Ghazali 2006).

After all instruments were tested on validity and reliability, the classical assumption of multiple linear regression was tested for the following aspects.

(1) Normality Testing

The purpose of normality testing is to know that all data of independent and dependent variables have normal distribution. In this research, normality testing is used based on *Kolmogorov-Smirnov*, in which if the *asymptotic significance* (two tail) is higher than *alpha* ($\alpha = 0.05$), so all data have normal distribution.

(2) Multicollinearity Testing

Multicollinearity is a condition in which one or more independent variables are in a linear contribution with other independent variables. It means that one or more independent variables correlate with other independent variables. Multicollinearity testing can be analysed from *variance inflation factor* (VIF), in which if VIF is less than 10, there is no multicollinearity.

(3) Heteroscedasticity Testing

Heteroscedasticity occurs when *variance disturbance* is not consistent from one to another time at all observations. It can affect the estimates coefficient of regression, under-estimation, over-estimation or misleading. Heteroscedasticity testing uses a *Park Glejser* method, in which if the probability value is higher than alpha ($\alpha = 0.05$), there is no heteroscedasticity.

3.5. Hypothesis Testing

There is one dependent variable correlated to three independent variables. Therefore, this research will be analyzed based on *multiple linear regression*, with the following equation:

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

Explanation :

- Y = audit quality
- a = value of Y if $X_1, X_2, X_3 = 0$
- b_1, b_2, b_3 = coefficients of regression
- X_1 = independence
- X_2 = experience
- X_3 = accountability
- e = residual value

(1) First Hypothesis Testing

First hypothesis is tested with *F-test* with the following formula (Ghazali 2006):

$$F = \frac{R^2/(k-1)}{1 - R^2/(n-k)}$$

Explanation :

- F = F value resulting from the calculation ($F_{statistic}$)
- R^2 = coefficient of determination
- k = number of variables
- n = number of observations

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The criteria of testing are as the following :

$H_0 : b_1 = b_2 = b_3 = 0$ (independence, experience and accountability do not affect the audit quality simultaneously)

$H_a : b_1, b_2, b_3 \neq 0$ (independence, experience, and accountability affect the audit quality simultaneously)

Therefore, H_0 would be accepted if $F_{\text{statistic}}$ is smaller than F_{table} (*critical Value*) or when the probability value is higher than α (0.05), and H_0 would be rejected if $F_{\text{statistic}}$ is higher than *critical value* or when the probability value is smaller than α (0.05).

(2) Second hypothesis testing

Second hypothesis is tested by *t-test* with the following formula (Ghazali 2006) :

$$t = \frac{b_j}{S_{b_j}}$$

Explanation :

t = t value that is resulted from the calculation

b_j = coefficient of regression

S_{b_j} = standard error of regression coefficient

The criteria of testing are as follows :

$H_0 : b_1, b_2, b_3 = 0$ (independence, experience, and accountability do not affect the audit quality partially)

$H_a : b_1, b_2, b_3 \neq 0$ (independence, experience, and accountability affect the audit quality partially)

Then, H_0 would be accepted if $t_{\text{statistic}}$ is smaller than *critical value* or when the probability value is higher than α (0.05), and H_0 would be rejected if $t_{\text{statistic}}$ is higher than *critical value* or when the probability value is smaller than α (0.05).

(3) Third Hypothesis Testing

Third hypothesis is tested by *elasticity testing* with the following formula (Ghazali 2006):

$$e_j = b_j \cdot \frac{\bar{X}}{\bar{Y}}$$

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Explanation :

e_j = regression coefficient

b_j = partially regression coefficient

\bar{X} = average of independent variables

\bar{Y} = average of dependent variable

n = number of observations

The criteria of testing are as the following :

$H_0 : e_1 \leq e_2, e_3 = 0$ (independence does not have the most dominant effect to the audit quality)

$H_a : e_1 > e_2, e_3 = 0$ (independence has the most dominant effect to the audit quality)

Then, H_0 would be accepted if e_1 is smaller than, or equal with e_2, e_3 and H_0 would be rejected if e_1 is higher than e_2, e_3 .

4. Findings and Discussion

4.1. Statistical Test Result of Validity and Reliability Testing

The results of all correlation coefficients for questionnaire items have total scores of more than 0.244 (*critical value*), thus all data in this research are valid. While the result of reliability testing using *Cronbach's alpha* for independence is 0.749; experience is 0.757; accountability is 0.737; and the audit quality is 0.704. It means that all values of *Cronbach's alpha* are more than 0.6. Thus all data are reliable.

4.2. Statistical Test Result of Classical Assumption Testing

(1) Normality

This research uses the analysis of *Kolmogorof-Smirnov* for normality testing. The result of testing shows that the value of *asymptotic significance* is 0.745 which is higher than alpha ($\alpha = 0.05$). It means that all data have normal distribution.

(2) Heteroscedasticity

Output of *Park Glejser test* for detecting the existence of heteroscedasticity shows that significance of independence (0.115), experience (0.482) and accountability (0.796), are higher than alpha ($\alpha = 0.05$). It means that there is no heteroscedasticity in this model.

(3) Multi-co-linearity

Output of *variance inflation factor* (VIF) for detecting the existence of multi-co-linearity shows that VIF for independence (1.114), experience (1.007), and accountability (1,121), are smaller than 10. It means that there is no multi-co-linearity between independent variables.

4.3. Statistical Test Result of Hypothesis Testing

The output of multiple regression analysis is as in the following table.

Table 1: Summary of F-test and t-test

Variables	F-test and t-test						Conclusion
	F _{statistic}	Critical Value	Regression Coefficient	t _{statistic}	Critical value	Significance (Probability value)	
Simultaneously testing	12.371	2.76				0,000	Signif
Partially testing :							
- constant			18.524	4.401	1.67	.000	Signif
- independence			.331	3.434	1.67	.001	Signifi
- experience			-.278	- 1.702	1.67	.094	Not Sig
- accountability			.278	3.601	1.67	.001	Signif

Dependent variable : Audit Quality

Based on table 1, the regression equation is as follows :

$$Y = 18.524 + 0.331X_1 - 0.278X_2 + 0.278 X_3 + e$$

(1) First Hypothesis Testing

First hypothesis states that independence, experience and accountability affect audit quality simultaneously. From the result of F-test, it is known that the calculation of F results in 12.371 with the probability value of 0.000 in which smaller than α (0.05). This value is compared with the value on the F table (*critical value*), i.e., 2.76. Since F_{statistic} (12.371) is higher than that of *critical value* (2.76), and also the probability value of 0.000 is smaller than α (0.05), the first hypothesis in this research is accepted.

(2) Second Hypothesis Testing

Second hypothesis states that independence, experience and accountability affect audit quality partially. From the output of the regression, the result shows that :

- a. Value of t-test for variable of independence is 3.434 higher than *critical value* (1.67), and the probability value of 0.001 is smaller than alpha (0.05). It means that independence affects audit quality partially.
- b. Value of t-test for variable of experience is -1.702 which is smaller than *critical value* (1.67), and the probability value of 0.094 is higher than alpha (0.05). It means that experience does not affect audit quality partially.

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- c. Value of t-test for variable of accountability is 3.601 higher than critical value (1.67), and the probability value of 0.001 is smaller than alpha (0.05). It means that accountability affects audit quality partially.

(3) Third hypothesis Testing

Third hypothesis states that independence has the dominant effect on audit quality. The output of elasticity testing is shown in the following table.

Table 2. The Result of Elasticity Testing

Explanation	Partially Regression Coefficient	Average of Independent Variable	Average of Dependent Variable	Regression Coefficient
Independence	.364	3.015	2.960	.371
Experience	-.176	3.039	2.960	-.176
Accountability	.373	2.886	2.960	.373

Based on Table 2, accountability has the highest partially regression coefficient, i.e., 0.373. It also has the highest regression coefficient, i.e., 0.373. It means that accountability has the dominant effect on audit quality. Thus, the third hypothesis which states that independence has the dominant effect on audit quality is rejected. This finding shows that accountability has the dominant effect on audit quality.

4.4. Discussion

Based on the result of analysis using *multiple linear regression* independence, experience and accountability affect audit quality simultaneously. It means that when an auditor has independence, experience and accountability simultaneously; audit quality improves. From the partially testing, it could be seen that independence and accountability affect audit quality partially, while experience does not affect audit quality partially.

The finding on this research, in which independence affects audit quality partially, is in accordance with Alim (2007). De Angelo (1981) as well agrees to this finding as he states that independence is an important factor affecting audit quality, beside the technical competence of the auditor. This finding is also in accordance with Defond et al. (2002), Geiger and Raghunandan (2002), and Dang (2004). The rationalization of this finding is because independence is the corner stone of the audit profession. Therefore, when an auditor behaves more independently, the quality of audit improves.

This research shows that experience does not affect audit quality. This result is contrary to Kolodner's argumentation (1996) in which she explains that experience is one of important factors to improve quality in doing a job. This finding is also contrary to DeFond and Francis (2005), Smith (2009), and Wang et al., (2012). On the other hand, this finding is in line with Ashton (1990) who argues that experience is not directly related to the quality of audit job, because sometimes it is difficult to learn in a limited

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time when doing accounting and audit activity. The condition in this research could be predicted because of the difficulty of obtaining data from senior auditors, most participants in this research were junior auditors.

Consistent with the prior study, this research shows that accountability affects audit quality. This finding is in line with the basic theoretical concept which argues that accountability always strengthens the performance of individual work. The important finding from this research is that accountability has the dominant effect on audit quality rather than independence. It is different with the prior research. Auditors need accountability because auditors are always facing difficult challenges. An auditor, who does his/her job with high accountability will improve the quality of audit. This finding is new and can contribute to the development of the body of knowledge in auditing, because there were no similar findings before. This finding agrees with Meisser and Quillim (1992), Cloyd (1997), Tan and Libby (1997), Tan and Kao (1999) who prove that the subject working with high accountability has better cognitive processes that improve the performance. This finding also in accordance with Friedman and Grudin (1998), Lampson (2004), Yumerefendi and Chase (2004), and Jagadesan et al. (2009).

5. Conclusion

Like another prior research, this research found that:

- (1) Independence, experience and accountability affect audit quality simultaneously.
- (2) Independence and accountability affect audit quality partially, however experience does not affect audit quality.
- (3) Accountability has the dominant effect on audit quality rather than independence.

This research can contribute to arguments on similar ideas that may be used by anybody interested in this issue, particularly for the auditors so that they can improve the quality of audit jobs. An auditor should always keep and improve independence and accountability because both factors affect audit quality.

This research still has some restrictions, namely, :

- (1) The usage of survey method in which the researcher could not control the nature of the respondents most of whom were junior auditors.
- (2) This study is only done in Central Java and Jogjakarta Provinces in Indonesia. Therefore, the result cannot be generalized to other places.
- (3) The independent variables on this research are limited to independence, experience and accountability.

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