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FACTORS AFFECTING AUDIT QUALITY IN PUBLIC ACCOUNTING FIRMS IN PADANG

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Abstract:

This study aims to analyze the influence of competence, independence, accountability, integrity, professionalism, and audit fees on audit quality in Public Accounting Firms (PAFs) in Padang City. This research employed a quantitative approach. Data were collected through questionnaires distributed to 37 auditors from 7 PAFs selected using purposive sampling. The data analysis techniques used in this study were descriptive analysis and inductive analysis employing multiple linear regression. The results show that competence, independence, integrity, and professionalism have a positive and significant effect on audit quality. Meanwhile, accountability and audit fees have no significant effect. Simultaneously, all six variables significantly influence audit quality, with an Adjusted R² value of 0.783, indicating that these variables can explain 78.3% of the variation in audit quality.

Keywords: Audit Quality, Competence, Independence, Accountability, Integrity, Professionalism, Audit Fee

INTRODUCTION

Entering the 5.0 era, business competition has become increasingly intense, and corporate sustainability has become crucial in maintaining the trust of stakeholders, particularly investors in the capital market. The Indonesian capital market, as one of the main components of the country's financial system, plays a strategic role in supporting economic growth. This condition demands that companies pay closer attention to the quality of their financial reports. One indicator of high-quality financial statements is that they have been audited by public accountants to determine the fairness of the reports (Amyulianthy et al. 2025:16)

Financial statements are expected to possess the quality required for decision-making purposes; therefore, the services of an independent party are necessary to examine these reports. Such services refer to audit services performed by independent auditors. The importance of auditors for companies lies in ensuring that the published financial statements have a strong degree of accuracy, free from fraud committed by company management in the financial statements (Ayem, 2019:26)

Audit quality is highly important because a high-quality audit is expected to produce relevant and reliable financial statements that can serve as the basis for decision-making. Good audit quality results in transparent financial reports that are accountable, comply with the prevailing Financial Accounting Standards (SAK), improve company performance, and reflect the company's image in the eyes of the public and relevant stakeholders (Arnita, 2023:154).

In the context of globalization and economic transparency, the demand for reliable audits is increasing. However, in Indonesia, audit quality remains a recurring issue, especially with the emergence of cases revealing auditors' failure to detect material misstatements or even violations of professional ethics by Public Accounting Firms (PAFs) (Suci, 2024:43). Cases involving PT Sunprima Nusantara Pembiayaan (SNP Finance), PT Asuransi Jiwa Adisarana Wanaartha (WanaArtha Life),



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and PT Garuda Indonesia (Persero) Tbk illustrate violations of professional ethics by auditors. These violations resulted in manipulated financial statements that misled users and reduced public trust in the auditing profession. Administrative sanctions by the Financial Services Authority (OJK) against the auditors in these cases further emphasize the urgency to reassess the implementation of ethical principles and professionalism in audit practices.

Good audit quality can be achieved if an auditor meets the basic requirements of being an auditor. However, these requirements may not be fulfilled due to several factors influencing audit quality. Some of these factors include competence, independence, accountability, integrity, auditor professionalism, and audit fee (Saputra 2019:169).

The first factor is competence. According to Baskoro (2023:508), the principle of competence requires every professional accountant to maintain their knowledge and professional skills at the level necessary to ensure that clients or donors of activities receive competent professional services, and to act diligently in accordance with applicable professional technical standards when providing professional services. The next factor is independence, where several studies have proven that independence has a positive effect on audit quality. Lativa (2024:2) states that an attitude of independence is characterized by being free from influence, not being controlled by others, and not being dependent on any parties.

Research by Dianatasari (2022:2399) states that the quality of an auditor's work can be influenced by a sense of responsibility (accountability), which reflects the extent of motivation, effort, and confidence in completing work. Accountability is a social-psychological drive that encourages an individual to complete their duties, which will be accounted for to their environment. Integrity is also a component of auditor professionalism, and it can accept honest differences of opinion or unintentional mistakes, but significant fraud is unacceptable (Melia, 2024:88).

Professionalism is also a key element in determining the success of auditors in producing quality audits. Unfortunately, professionalism is often hindered by the lack of continuous training and development provided by PAFs. According to Siahaan (2019:83), diligence and thoroughness in exercising professional skills require auditors to apply professional skepticism—an attitude of critical thinking towards audit evidence, always questioning and evaluating such evidence.

Another factor that may influence audit quality is the audit fee. According to Salsabila (2018:53), the size of the fee sometimes places auditors in a dilemma. On one hand, auditors must remain independent in giving opinions regarding the fairness of financial statements that concern many stakeholders; on the other hand, they must also meet the expectations of clients who pay for their services to ensure client satisfaction and retain future engagements.

Audit quality is a fundamental aspect of the accounting profession that significantly impacts public trust and economic stability. In recent years, various cases involving inaccurate financial statements have highlighted the importance of reliable audits. Padang City, as one of the main cities in West Sumatra, has a dynamic economy driven by sectors such as trade, services, and manufacturing. This development necessitates transparency and accountability in financial reporting, making the role of Public Accounting Firms increasingly crucial. PAFs are not only responsible for auditing company financial statements but also for ensuring that these reports comply with applicable accounting standards and provide assurance to stakeholders regarding their reliability. In this regard, auditing serves as an essential control tool to maintain the integrity of financial information amidst intense business competition.

This study adopts Attribution Theory as its theoretical foundation. Attribution Theory, first introduced by Fritz Heider, serves as a conceptual basis for understanding the factors that influence individual behavior. Heider suggested that individuals act as observers and analysts of behavior in



everyday life. This theory posits that when observing someone's behavior, we try to determine its cause – whether it is due to internal or external factors (Wardani, 2024:187).

Attribution Theory is used to explain how the research variables contribute to audit quality. Competence reflects internal factors that ensure auditors have sufficient knowledge and technical skills to detect misstatements in financial statements. Independence and accountability, on the other hand, emphasize the importance of managing external influences to maintain objectivity and responsibility. Integrity and professionalism complement this framework by providing ethical foundations and behavioral standards that ensure auditors remain focused on public interest in performing their duties. High audit fees can be attributed to internal factors that reflect the auditor's ability to allocate adequate resources, conduct thorough audit procedures, and maintain high audit quality. Thus, Attribution Theory provides a solid framework for understanding the relationship between competence, independence, accountability, integrity, professionalism, and audit fees with audit quality.

METHODS

This research is a quantitative study aimed at determining the effect of competence, independence, accountability, integrity, auditor professionalism, and audit fees on audit quality in Public Accounting Firms (PAFs) in Padang. The study was conducted from June to July 2025 at several PAFs in Padang City. The population of this study comprises all PAFs in Padang, and the sample was determined using purposive sampling. The sample selection criteria in this study are as follows:

Table 1. Sample Selection Criteria

No.	Sample Determination Criteria	Total
1.	Number of active PAFs in 2025	7
2.	PAFs (Auditors) are willing to complete the questionnaire	37

Based on the sample selection criteria table above, the number of samples in this study that met the selection criteria consisted of 7 Public Accounting Firms (PAFs) out of 13 PAFs in Padang, with a total of 37 auditor respondents. The Public Accounting Firms (PAFs) that served as the research sample are as follows:

Table 2. Public Accounting Firms in Padang

No.	Public Accounting Firm Name	Address	Number of Auditors
1.	KAP Sayuti dan James	Jl. Batang Anai No.4, Rimbo Kaluang, Kec. Padang Bar., Kota Padang, Sumatera Barat	5
2.	KAP Drs. Rinaldi Munaf	Jl. Bandung No.25, Ulak Karang Sel., Kec. Padang Utara, Kota Padang, Sumatera Barat 25132	8
3.	KAP Soekamto Adi Syahril dan rekan	Jl. S. Parman No.103D, Lolong Belanti, Kec. Padang Utara, Kota Padang, Sumatera Barat	6
4.	KAP Gafar Salim dan Rekan	Jl. Bandar Pulau Karam No.17, Berok Nipah, Kec. Padang Bar., Kota Padang, Sumatera Barat	5
5.	KAP Armanda dan Enita	Jl. Yogyakarta No.B30, Ulak Karang Sel., Kec. Padang Utara, Kota Padang, Sumatera Barat	6

No.	Public Accounting Firm Name	Address	Number of Auditors
6.	KAP Marulak Situmorang-KAP MarS	Perumahan Pinang Baririk 2, Blk. C No.9, RT.002/RW.002, Kota Padang, Sumatera Barat 25171	1
7.	KAP Bustaman, Ezeddin dan Putranto	Jl. Bakti, Parupuk Tabing, Kec. Koto Tengah, Kota Padang, Sumatera Barat 25586	6
Total			37

RESULT AND DISCUSSION

Table 3. Multiple Linear Regression Analysis Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-92.844	18.779		-4.944	<.001
Competence	.508	.174	.268	2.923	.007
Independence	1.871	.490	.409	3.818	<.001
1 Accountability	-.084	.549	-.015	-.152	.880
Integrity	.324	.112	.248	2.886	.007
Professionalism	.860	.182	.434	4.736	<.001
Audit Fee	-.011	.128	-.007	-.085	.933

a. Dependent Variable: Audit Quality

Source: Output SPSS, 2025

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6$$

$$Y = -92,844 + 0,508X_1 + 1,871X_2 - 0,084X_3 + 0,324X_4 + 0,860X_5 - 0,011X_6$$

Where:

Y = Audit Quality

a = Constant

b₁, b₂, b₃, b₄, b₅, b₆ = Regression coefficients for each variable

X₁ = Competence

X₂ = Independence

X₃ = Accountability

X₄ = Integrity

X₅ = Professionalism

X₆ = Audit Fee

The constant of -92.844 indicates that if all independent variables – competence, independence, accountability, integrity, professionalism, and audit fee—are equal to zero, the predicted audit quality (Y) would be -92.844. Mathematically, this represents the starting point of the prediction when there is no contribution from the independent variables.

The regression analysis results show that the competence variable (X₁) has a positive and significant effect on audit quality. The regression coefficient is 0.508, with a t-value of 2.923 (> 2.042) and a significance level of 0.007 (< 0.05), indicating that an increase in auditor competence will improve audit quality. This means that each one-unit increase in auditor competence will lead to a 0.508-unit improvement in audit quality, assuming other variables remain constant. This emphasizes that auditors' knowledge and experience are crucial to producing high-quality audits.



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The independence variable (X2) also has a positive and significant effect on audit quality. The regression coefficient is 1.871, with a t-value of 3.818 (> 2.042) and a significance level of < 0.001 (< 0.05), indicating that each one-unit increase in auditor independence will improve audit quality by 1.871 units. This is the largest effect among the variables, showing that independence is a key element in ensuring objectivity and integrity in audit results. Auditors free from pressure, conflicts of interest, and external influence are better able to present findings fairly and professionally.

Meanwhile, the accountability variable (X3) does not have a significant effect on audit quality. The regression coefficient is -0.084, with a t-value of -0.152 (< 2.042) and a significance level of 0.880 (> 0.05). Theoretically, the negative coefficient suggests that increased accountability could reduce audit quality, but since the result is statistically insignificant, this cannot be generalized. The contribution of accountability to the model may be minimal due to homogeneous respondent perceptions or suboptimal implementation of accountability in practice.

The integrity variable (X4) shows a positive and significant effect on audit quality. The regression coefficient is 0.324, with a t-value of 2.886 (> 2.042) and a significance level of 0.007 (< 0.05), indicating that each one-unit increase in integrity will improve audit quality by 0.324 units. Integrity reflects values of honesty, courage, wisdom, and responsibility, which directly support the success of the audit process.

The professionalism variable (X5) also has a positive and significant effect on audit quality. With a regression coefficient of 0.860, a t-value of 4.736 (> 2.042), and a significance level of < 0.001 (< 0.05), this variable has a strong influence. This means that increased auditor professionalism will improve audit quality by 0.860 units. Professionalism reflects an auditor's dedication to the profession, social obligations, independence, belief in the profession, and relationships with fellow auditors in carrying out duties according to standards and codes of ethics. Auditors who act professionally are more capable of consistently maintaining the quality of audit results.

Lastly, the audit fee variable (X6) does not have a significant effect on audit quality. The regression coefficient is -0.011, with a t-value of -0.085 (< 2.042) and a significance level of 0.933 (> 0.05). This means that changes in audit fees do not significantly impact audit quality. One possible explanation is that professional auditors are generally bound by strong audit standards and codes of ethics, so the size of the fee does not directly influence their work quality. Furthermore, audit fees are often determined based on market standards and specific audit risk considerations, which limit auditors' discretion.

Table 4. Determination Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate	Durbin-Watson
1	.905 ^a	.820	.783	2.611	1.924

a. Predictors: (Constant), Audit Fee, Independence, Integrity, Professionalism, Competence, Accountability

b. Dependent Variable: Audit Quality

Source: Output SPSS, 2025

The Adjusted R Square value is 0.783, which means that 78.3% of the variation in the dependent variable, Audit Quality (Y), can be explained by the independent variables Competence (X1), Independence (X2), Accountability (X3), Integrity (X4), Professionalism (X5), and Audit Fee (X6) simultaneously. The remaining 21.7% is influenced by factors outside this research model.

Table 5. F-Test (Simultaneous Test)

ANOVA^a



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	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	929.013	6	154.836	22.708	<.001 ^b
	Residual	204.554	30	6.818		
	Total	1133.568	36			

a. Dependent Variable: Audit Quality

b. Predictors: (Constant), Audit Fee, Independence, Integrity, Professionalism, Competence, Accountability

Source: Output SPSS, 2025

The F-test results show an F-value of 22.708, which is greater than the F-table value of 2.41, with a significance level of < 0.001 . Since the significance value is less than 0.05, it can be concluded that the regression model is significant simultaneously. This means that all independent variables, Competence, Independence, Accountability, Integrity, Professionalism, and Audit Fee, together have a significant effect on Audit Quality.

CONCLUSION

This study aims to examine the effect of competence, independence, accountability, integrity, auditor professionalism, and audit fees on audit quality in Public Accounting Firms in Padang City. Based on the analysis of data from 37 auditor respondents, it was found that, partially, competence, independence, integrity, and professionalism have a positive and significant effect on audit quality. In contrast, accountability and audit fees have no significant partial effect. Simultaneously, all independent variables in this study have a significant effect on audit quality, with a coefficient of determination of 82.0%, while the remaining percentage is influenced by other factors outside this research model.

These findings imply that increasing auditor competence, independence, integrity, and professionalism is essential to ensure good audit quality. Therefore, auditors need to continuously enhance their capabilities and uphold professional ethics in their work. Public Accounting Firms are also advised to provide ongoing training and maintain quality control systems that support auditor independence. For future research, it is recommended to add other relevant variables, such as professional ethics, objectivity, or work experience, and to expand the research area to obtain more generalizable results.

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