THE EFFECT OF PROFESSION ETHICS, INDEPENDENCE, AND AUDIT EXPERTISE ON AUDITOR PERFORMANCE

Muhammad Natsir, Yuldi Mile, Tenri Pada

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ABSTRACT

Purpose: The goal of this research is to explore and assess the effect of specialized ethics, independence, and audit experience on audited performance.

Theoretical framework: Authorities and constraints, religious views, corporate ethics standards for specialized fields such as public accounting firms, and regulations of behavior in the workplace companies are all examples of predefined moral principles or ideals Arens et al. (2014). Professional ethics describes a professional work as doing associated activity governed by norms established by a group or corporation for everyone involved to abide (Yuwono, 2011). Each occupation that provides social assistance requires a set of norms of conduct that regulate how professionals behave (Agoes, 2011).

Design/Methodology/Approach: Research period used is the year 2017-2020. Explanatory research using quantitative research techniques is this sort of study. The population and sample size of a study at the Central Sulawesi Province Financial and Development Supervisory Agency (BPKP) to attain specified research objectives. Multiple linear regression analysis is used to study and evaluate the data using the Normality Test, multicollinearity, and heteroscedasticity outcomes.

Findings: The study's findings can be utilized as a source of knowledge and as a foundation for developing regulations about auditor performance.

Research, practical & social implication: The more the audit competence, the better the outcome. It is recommended that BPKP auditors for Central Sulawesi Province think and act independently on the job, have a sense of responsibility if the examination results require advancement and adjustment, and implement adheres to the fact eradicate noteworthy issues or important outcomes from the summary (or notes on the audit results) consequently that the audit task is completely impartial and may deliver an outstanding and accurate audit.

Originality/Value: Professional ethics, independence, and audit knowledge all have a substantial and favorable influence on BPKP Auditor Performance in Central Sulawesi Province at the same time. The higher the level of ethics professionalism, independence, and audit knowledge, the higher the generated performance.

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A PhD in Accounting, Faculty of Economics and Business, Tadulako University. City Palu, Indonesia. E-mail: muhnatsir012@gmail.com Orcid: https://orcid.org/0000-0001-6492-784X

B Master in Science, Faculty of Economics and Business, Tadulako University. City Palu, Indonesia. E-mail: yuldimile65@gmail.com Orcid: https://orcid.org/0000-0003-0588-3378

C Master in Science, Faculty of Economics and Business, Tadulako University. City Palu, Indonesia. E-mail: tenripada.untad@gmail.com Orcid: https://orcid.org/0000-0003-4855-9666
**RESUMEN**

**Objetivo:** El objetivo de esta investigación es explorar y evaluar el efecto de la ética especializada, la independencia y la experiencia de auditoría en el desempeño auditado.

**Marco teórico:** Autoridades y limitaciones, puntos de vista religiosos, normas de ética corporativa para campos especializados como las empresas de contabilidad pública y regulaciones de comportamiento en el lugar de trabajo, las empresas son ejemplos de principios morales predefinidos Arens et al. (2014). La ética profesional describe un trabajo profesional como una actividad asociada regida por normas establecidas por un grupo o corporación para que todos los involucrados cumplan (Yuwono, 2011). Cada ocupación que presta asistencia social requiere un conjunto de normas de conducta que regulen el comportamiento de los profesionales (Agos, 2011).

**Diseño/Metodología/Enfoque:** El período de investigación utilizado es el año 2017-2020. La investigación explicativa utilizando técnicas de investigación cuantitativa es este tipo de estudio. La población y el tamaño de un estudio en la Agencia Central de Supervisión Financiera y de Desarrollo (BPKP) de la Provincia de Sulawesi Central para alcanzar objetivos de investigación especificados. El análisis de regresión lineal múltiple se utiliza para estudiar y evaluar los datos utilizando la prueba de normalidad, multicolinealidad y resultados de heteroscedasticidad.

**Hallazgos:** Los hallazgos del estudio pueden ser utilizados como fuente de conocimiento y como base para desarrollar regulaciones sobre el desempeño de los auditores.

**Investigación, implicaciones prácticas y sociales:** Cuanto mayor sea la competencia de auditoría, mejores serán los resultados. Se recomienda que los auditores de la BPKP de la provincia de Sulawesi Central piensen y actúen de manera independiente en el trabajo, tengan un sentido de responsabilidad si los resultados del examen requieren avances y ajustes, y apliquen medidas que se ciñan al hecho de erradicar cuestiones notables o resultados
The Effect of Profession Ethics, Independence, and Audit Expertise on Auditor Performance

Natsir, M., Mile, Y., Pada, T. (2023)

INTRODUCTION

As a government institution, the Financial and Development Supervisory Agency of Central Sulawesi Province is mandated to provide financial accountability reports for each term. Financial is a key component of government operations and has significant benefits in fulfilling the State's goal of building a just and prosperous society, as stated by the Regulation of the Republic of Indonesia Supreme Audit Agency, Law No. 15 of 2006. To fulfill the country's goals, the management and responsibility of public funds necessitate the creation of a government that is devoid of corruption, collusion, and nepotism.

In carrying out its duties as the government's internal auditor, The Central Sulawesi Financial and Development Supervisory Agency (BPKP) must follow accounting and reporting standards in order to achieve a key component of responsibilities aimed at helping the demands of those who utilize Providing accurate information and offering perfect certainty of the ultimate conclusion of the audited information (Febrianty, 2012). Auditing morality is the science of determining what is acceptable and inappropriate conduct, as well as rights and obligations (morals). If a person's morals are upset, they will feel stress and poor performance in real-world settings (Suhron et al, 2020; Yusuf et al, 2019). To increase auditor performance, Practitioners must be capable and autonomous, which means they must be objective and free of interference through The company being audited and other stakeholders who provide recommendations.

Auditor performance must adhere to professional ethics and the approved code of ethics. The auditing profession has its own set of ideas and norms, Along with well defined behavior that is ethical. Recognizing the role of a the audit's ethical actions in providing an opinion in accordance with generally accepted accounting principles can have broad consequences for how they behave towards their auditee in producing an opinion in accordance with generally accepted accounting principles. Auditors can meet auditing standards by having enough audits expertise poses learning and experience, as well as retaining their independence. Workers
require expertise on how to behave in stressful situations in order to adjust to the current scenario (Noviana et al., 2022).

Many legal issues, particularly those involving corruption, collusion, and nepotism, have recently arisen in government organizations as a result of bribery, unlawful fees, and the exploitation of official assets for personal advantage. The Financial and Development Supervisory Agency (BPKP) is the federal government's inside auditing firm, who provides the data in a record of audit outcomes that may be used to gauge the auditor's performance. The following are the research issues addressed in this article: 1) Do professional ethics, independence, and audit competence all affect auditor performance at BPKP Central Sulawesi Province? 2) Does professional ethics affect auditor performance at BPKP, Tengajh Sulawesi Province? 3) Does competence influence auditor performance in PKPB Central Sulawesi province? 4) Does the independence of auditors at BPKP Central Sulawesi Province effect their performance?

LITERATURE REVIEW

Professional Ethics

Ethics, according to Arens et al. (2014), in general, it might be defined as a collection of ethical concepts or ideas. Every person has exactly an ensemble of values, whether we acknowledge them or none. This collection of moral principles and ideals has been articulated in numerous ways by philosophers, religious organizations, and other groups. Authorities and constraints, religious views, corporate ethics standards for specialized fields such as public accounting firms, and regulations of behavior in the workplace companies are all examples of predefined moral principles or ideals. Professional ethics describes a professional work as doing associated activity governed by norms established by a group or corporation for everyone involved to abide (Yuwono, 2011). Each occupation that provides social assistance requires a set of norms of conduct that regulate how professionals behave (Agoes, 2011).

Independence

Due to competing interests, The statutory accountant has to operate regardless of the desires of their financial declaration clients and customers, along with the concerns of the general accounts generally, while delivering a judgment on the fairness of the audited financial statements. "Independence is a crucial professional ethics for analysts since the viewpoint of an accountant who is public is offered to strengthen the legitimacy of statements of earnings, which
represent a picture of governance," Wilcox added. "If the accountant is not independent of his client's management, his opinion is meaningless" (Wilcox, 1974, p.xx). The importance of public accountant independence is reflected in the Professional Standards for Public Accountants. The supplementary point of the Basic Average, in particular: "During accomplishing their obligations, KAP membership have to constantly uphold a mindset of autonomy regarding offering services an expert " (SPAP, IAI 2001, p. 102).

**Audit Skills**

Expertise is required for an autonomous auditor to work competently. Expert characteristics represent technical excellence criteria acquired through years of experience and education, as well as the drive to reach perfection and excellence over peers. As a result, real experts must be trustworthy and have extensive expertise. Client services must be achieved in a professional manner by learning, training, experience, and the improvement of auditing abilities.

Tan and Libby (1997) divide audit competence into two categories: Both technical and non-specialized expertise are required. Expertise in the technical field, in the form of procedural knowledge and other clerical abilities, is the basic competency about a certified public accountant in the fields of accounting in particular and auditing in general. Meanwhile, non-technical expertise is an auditor's skill that is largely impacted by human variables and experience.

**Auditor Performance**

According to Mocheriono (2012), performance is a work outcome that may be accomplished quantitatively and qualitatively by an individual or group of individuals in an organization. Services delivered within each person's or group's legal power, obligations, and responsibilities to achieve the organization's goals do not break regulations and are ethically as well as morally sound. Performance and work outcomes (Pusdiklat BPKP, 2011) and Pasalong (2013) describe Performance appraisal can be characterized as a determination of how well an individual performed in executing their obligations.

**Framework**

Ethics, As stated by Arens et al. (2014), ethics can potentially be described as an assortment of moral principles or values. Every person owns exactly a set of values, whether or
not they paid regard to them. Philosophers, religious organizations, and other groups have characterized independence as a set of moral principles and values in many ways as a distinct indication of the public accounting profession. In broad terms, an affiliate of an occupation is anticipated to concentrate solely on their own client's desires; however, in the public accounting occupation, an accountant performing audit services must focus on the requirements of individuals as well as those others who take actions based on those accounting records while frequently unaware of the accountant's client.

Expertise is required for an autonomous auditor to work properly. Professional characteristics include technical perfection obtained from years of practical practice and research for developing technique, as well as the ambition to reach flawlessness and perfection above colleagues. Performance is an explanation of the degree of success of executing activities in terms of legislative initiatives in the setting of the organization's targets, aims, purpose, and awareness as outlined in performance appraisal is an evaluation of activities and outcomes in the strategy development procedure (Wati et al., 2010). A conceptual research paradigm may be developed using the aforesaid framework of thinking, as shown in Figure.

RESEARCH METHODS

Population and Samples

The population and sample size of a study must be determined in order for the research to yield the intended results. The following is a discussion of the population and sample. The population is a set of data with comparable characteristics that serves as the foundation for judgment. The ability to infer statistics are based around the two essential terms: the group of people as the entire collection of data, both real and fake, and the sample as a subset of the population used to create an inference (approach/depiction) of the population from which it was drawn. According to Sugiyono (2013: 117), population is a generalization area comprising of things or people with specific features and attributes that the researcher determines for study and subsequently to derive conclusions. The population for this study is all auditors at BPKP Representatives of Central Sulawesi Province, Palu, a total of 71 auditors.

Table 1. J Abat’s Functional Auditor (J FA) Name List BPKP Representative for Central Sulawesi Province

<table>
<thead>
<tr>
<th>No.</th>
<th>Position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Korwas Intermediate Auditor JFA Bid. IPP Supervision</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Korwas Intermediate Auditor JFA Bid. PPE</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Korwas Intermediate Auditor JFA Bid. State Accountant</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>Korwas Intermediate Auditor JFA Bid. Investigation</td>
<td>1</td>
</tr>
</tbody>
</table>
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Samples

According to Sugiyono (2012: 73), correctly understanding a population from a drawn sample is partly accomplished by the appropriate quantity and qualities held by this population, to be really representative (representing). The sample size refers to the number of samples drawn from a population.

If the number of people participating is less than 100, the complete sample is gathered; however, if the population is greater than 100, 10-15% or 20-25% of the population can be taken. Considering the total number of participants in this study is fewer than 100 people, the authors take 100% of the total population at the BPKP Representative of Central Sulawesi Province, i.e. up to 71 people. A census technique involves using the entire population as a unit of observation rather than a research group.

RESULTS AND DISCUSSIONS

The technique of multiple linear regression is applied to determine whether several independent variables together might predict the dependent variable as predictor factors. This study investigates the impact of professional ethics, independence, and audit knowledge on auditor performance. Table 2 shows the results of multiple regression based on the output of the SPSS for Windows application version 21.0 (Appendix V):

Table 2. Multiple Regression Calculation Results

<table>
<thead>
<tr>
<th>No.</th>
<th>Independent Variable</th>
<th>Regression Coefficient</th>
<th>t-count</th>
<th>Sig.</th>
<th>r-partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X₁</td>
<td>0.399</td>
<td>3.602</td>
<td>0.001</td>
<td>0.465</td>
</tr>
<tr>
<td>2</td>
<td>X₂</td>
<td>0.340</td>
<td>3.069</td>
<td>0.04</td>
<td>0.409</td>
</tr>
<tr>
<td>3</td>
<td>X₃</td>
<td>0.316</td>
<td>3.940</td>
<td>0.000</td>
<td>0.498</td>
</tr>
</tbody>
</table>

Constant = 4.223
Multiple-R = 0.861
F = 44.911
R Square = 0.741
Adjusted R Square = 0.725

Source: Processed data, 2020

The regression model equation that represents the impacts of professional ethics, independence, and audit expertise on auditor performance is as follows, based on the

The aforementioned regression coefficient values obtained from the results of the multiple linear regression analysis, The above equation depicts the amount of the independent variable's effect on the dependent variable. The coefficients e tika profession (X1), independence (X2), and audit membership (X3) indicate a direct influence between independent factors and the dependent variable.

The F-test is used to assess if all independent variables (X) have a significant influence on the dependent variable (Y) at the same time. Based on the ANOVA (Analysis of Variant) findings or F-test value of $F_{\text{arithmetic}}$ at $44.911 > F_{\text{table}}$ for 2, 19, and the threshold of significance is less than 0.000<0.05. Based on these findings, it is possible to conclude that professional ethics, independence, and audit skill all have an impact on auditor performance.

The t-test is used to see if each independent variable has a marginally significant influence on the dependent variable (Y). Based on the results of the t-test statistical computations for the three independent variables mentioned in the regression model, it is clear that:

The variable of e tika profession (X1) derived by value $t_{\text{arithmetic}}$ was 3.602 > $t_{\text{table}}$ was 1.675, and the significance level is less than 5.00%, i.e. 0.001 < 0.05. As a result, the variable professional ethics (X1) has a somewhat favorable and statistically significant influence on auditor performance (Y).

A variable of independence (X 2) derived by value $t_{\text{arithmetic}}$ was 3.069 > $t_{\text{table}}$ was 1.675 and the significance level was less than 5.00%, which is 0.004<0.05. As a result, the independent variable (X 2) has a minor influence on auditor performance (Y). The variable skills audit (X 3) acquired by value $t_{\text{arithmetic}}$ was 3.940 $t_{\text{table}}$ was 1.675 and the significance level was larger than 5.00%, i.e. 0.000 > 0.05. As a result, audit competence (X 3) has a somewhat favorable and statistically significant influence on auditor performance (Y).

Discussion

Several aspects of this study are described in the following discourse based on the findings of research studying the impact of professional ethics, independence, and audit skill on auditor performance.

The influence of professional ethics, independence, and audit expertise on auditor performance

According to the findings of hypothesis testing, the factors of professional ethics, independence, and auditor expertise all have an impact on auditor performance at the same
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Auditor performance and professional ethics are crucial and significant against auditor performance. Auditors with ethics and independence can increase their auditing performance to be better and of higher quality. Expert audit has a substantial impact on auditor performance. This means that as audit competence grows, the auditor's performance will improve and become more exact. Expertise is a necessary component for an independent auditor to perform as a professional. Because independence has a major impact on audit judgment, it has an impact on performance. This means that an auditor must be able to improve the atmosphere of openness, honesty, and accountability while adhering to the principles of audit quality improvement that may be carried out while maintaining auditor independence.

Effect of Ethics of Profession on Auditor Performance

Professional ethics, according to the evaluation outcome, has a beneficial and important impact on auditor performance. This indicates the high quality of BPKP-Central Sulawesi's professional ethics code. Professional ethics are characteristics of a profession that help to regulate the behavior of its members. The greater the auditor's performance, the stronger the auditor's professional ethics.

The study considers auditors' professional ethics to be one of the most relevant variables in improving audit performance. Auditors are obligated by professional ethics to commit no fraud, allowing them to offer audited opinions that correctly represent the financial accounts and increase the general confidence in auditing firms. Professional ethics could be considered as part of an auditor's traits by observing him as being held accountable for his area of expertise and arranging the public interest over the auditor's personal interest, becoming truthful in the sense that known as the auditor role is sincere, avoiding influences by the opinions of various the parties to determine actions, and integrating the concept of wisdom. The auditor is in charge of conducting an examination, which is a professional attitude in which the auditor determines judgements and conducts screenings in line alongside the existing rules of principles and fails to interpret the code of conduct based on their own tastes.

In terms of ethics, a profession must demonstrate a long-term ethical involvement, which must be specified in the manner of explicit regulations. Those are the 'rules inside the system' or a values-based approach to carrying out a vocation, sometimes known as a code of ethics. Any occupation that provides services to society and serves as a conduit of goodwill for the greater community must meet and uphold the code of ethics. As a result, every BPKP-Central Sulawesi auditor is required to follow professional ethics when it comes to services
supplied to the larger community. As a result, it is envisaged that by respecting professional ethics, auditor performance would improve.

The findings indicate that professional ethics has a considerable impact on auditor performance. This demonstrates the importance of professional ethical behaviour in increasing auditor performance. This indicates that the greater the BPKP-Central Sulawesi auditors' professional ethics, the better the auditor's performance.

Effect of independence on auditor performance

According to the test results, independence has a beneficial influence on auditor performance. This is evident when auditors carry out their tasks while remaining unaffected by outside influences. In an autonomous setting, the auditor is free to use great honesty to objectively conduct audits without interference from others.

Auditor performance is significantly influenced by independence. This is due to the fact that an auditor is not influenced by other parties when analyzing the audit item. Independence implies the auditor's honesty in analyzing the facts, and the presence of an objective enhances the auditor's impartiality in creating and holding his view. As a result, when auditors do their tasks, they must maintain great honesty and carry out the audit objectively.

Influence of skills audit on auditor performance

According to the findings of hypothesis testing, the auditor expertise variable has a minor impact on audit performance. According to the findings of this study, the length of professional membership has an impact on auditor performance. An experienced auditor will be able to employ both approaches of skills and practice in executing the audit to enhance auditor performance. Expertise is a necessary component for an independent auditor to perform as a professional. Professional attributes include technical perfection obtained through years of experience and study that aid in the development of audit method, as well as the drive to reach perfection and excellence among peers. As a result, real experts must be trustworthy and have extensive expertise. Client services must be achieved in a professional manner by learning, training, experience, and the improvement of auditing abilities.

Expertise is a necessary component for an independent auditor to perform as a professional. Furthermore, an auditor's competence can influence the prediction ability and identification of fraud and mistakes by auditors, hence improving auditor performance.
CONCLUSIONS

Professional ethics, independence, and audit knowledge all have a substantial and favorable influence on BPKP Auditor Performance in Central Sulawesi Province at the same time. The higher the level of ethics professionalism, independence, and audit knowledge, the higher the generated performance. The usage of professional ethics has a somewhat substantial and favorable influence on BPKP Central Sulawesi Province Auditor Performance. The greater the etika professionalism, the better the performance. Independence has a strong and good impact on BPKP Central Sulawesi Province's Auditor Performance. The more the independence, the better the performance. Audit knowledge has a strong and favorable influence on BPKP Central Sulawesi Province Auditor Performance. The more the audit competence, the better the outcome. It is recommended that BPKP auditors for Central Sulawesi Province think and act independently on the job, have a sense of responsibility if the examination results require advancement and adjustment, and implement adheres to the fact eradicate noteworthy issues or important outcomes from the summary (or notes on the audit results) consequently that the audit task is completely impartial and may deliver an outstanding and accurate audit.

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