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ARTICLE

## The effect of auditor features on audit quality

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**Abstract** The aim of this study is to investigate the effect of work experience, professional competence, motivation, accountability and objectivity of the auditor on audit quality from the viewpoint of auditors employed in firms. The present study leads to the identification of factors affecting audit quality, which have not been studied sufficiently in Iran. According to the results of this study, professional competence, accountability and objectivity of the auditor show significant effect on the quality of the audit. Employing people with high experience increases audit quality by enhancing the professional competence of the auditor; auditors gain a deeper knowledge and better judgement to achieve audit quality. Accountability improves auditor's performance and objectivity of auditors enables them to operate without the influence of another individual.

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### 1. Introduction

Work experience will improve auditor's ability to do the audit. Auditor's work experience influences the length of time and number of tasks that have been performed by the auditor. Both of these increase auditor expertise in doing the audit. Professional competence consists of personal quality, general knowledge and special skill. Increase in personal quality, general knowledge and special skill will increase

auditor professional competence and expertise, and give higher audit quality.

Auditors need motivation to perform their duties properly. Motivation is encouragement that belongs to auditors that support performance in effort to reach goals. Auditors can obtain encouragement from themselves, co-workers, work place or employer. Ramadhanis (2012) considers that with motivation someone will have high morale to achieve the goals and meet the existing standards. Morale makes auditors complete their job with great toughness, introspection and consistency (not influenced by mood in examinations) and to maintain the results of the audit, so auditor's work will comply with the standards that have been established, which indicates the high quality of audit. The

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auditor's motivation is divided into four parts, including: (1) character type: the kind of personality characterized, (2) internal and external control: behaviour is shown in the company's auditors, (3) audit norms: the implementation of the rules on company and (4) ethical culture in firm: ethics in the organization is in compliance.

In performing their duties, auditors will certainly attempt to meet the standards, which then raise accountability. Singgih and Bawono (2010) define accountability as a form of psychological encouragement that marks someone trying to account for all actions and decisions taken by the environment. If the auditor has accountability, then work will be done with the entire efforts and thinking, so that the auditor conducts an audit completed on time in accordance with the auditing standards. Thus, the auditor work will be better and audit quality will increase. This is in line with research of Ardini (2010), Ilamiyati and Suhardjo (2012) and Saripudin, Herawaty, and Rahayu (2012).

Auditors should maintain objectivity and should be free from conflicts of interest in fulfilling professional obligations. Auditors who are free from conflicts of interest will be able to act fairly without being influenced by pressure or demand from certain parties. This suitability indicates that audit quality is higher. This study was conducted to analyze whether auditor's work experience, competency, motivation, accountability and objectivity have significant effect on audit quality.

## 2. Literature review and hypothesis development

Audit quality is the auditor's work result shown with a reliable audit report based on the determined standards (Sukriah, Akram, & Inapty, 2009). Audit qualities are positively influenced by work experience, professional competence, motivation, accountability and objectivity. The research conducted by Saripudin et al. (2012) indicates that there is a simultaneous positive effect of independence, experience, due professional care and accountability on audit quality. Ramadhani (2012) finds that professional competence, independence and motivation simultaneously give positive effects on the audit quality. Research by Sukriah et al. (2009) also finds that work experience, independence, objectivity, integrity and professional competence of auditors simultaneously have effect on audit quality.

Singgih and Bawono (2010) define work experience as a learning process and increase of potential development of good behaviour from formal and non-formal education; they consider it a process of bringing a person to a higher behaviour pattern. Purnamasari (as cited in Samsi, Riduwan, & Suryono, 2013) states that an employee having high work experience will have advantages to detect, understand and look for the error causes. Length of work as an auditor and experience will increase the audit quality (Carolita & Rahardjo, 2012). Thus we can formulate the following hypotheses:

H<sub>1</sub>. The auditor's work experience has a significantly positive effect on audit quality.

Auditor's professional competence is the ability of an auditor to apply the knowledge and experience that have been possessed in auditing so that the auditor can perform the audit carefully, accurately and objectively (Carolita & Rahardjo, 2012). The higher competency level, the more audit quality (Sukriah et al., 2009). Variables of experience and skills, which have been chosen to represent the competence variable, have a negative relationship with the duration of the execution and completion of auditing operations (Rafiee, Karimian, Mahmoudi, & Haghghi, 2013). Thus we can formulate the following hypotheses:

H<sub>2</sub>. The auditor's professional competency has a significantly positive effect on audit quality.

According to Robbins and Judge (2009), motivation is a process of producing individual intensity, objectives and perseverance in an effort to achieve goals. Ardini (2010) divides the motivations into two parts: positive and negative motivations. Positive motivation is a process of trying to influence others to do something that we want by giving the possibility to get a prize. The negative motivation is the process of trying to influence others to do something that we want but the basic technique used is by power. There is a positive correlation between personality types of the auditors, internal and external control centre, ethical culture in the audit firm and audit team's norms and audit quality (Aghaei & Ahmadi, 2015). Although many of the issues related to the quality of international standards containing explicit and clear conditions (thus allowing easy assessment of whether or not everyone is compatible with what is presumed) are covered, such a statement cannot be extrapolated in the field of ethics of audit quality. One of the main reasons lies in the fact that the business environment is very dynamic and business practices and traditions are different from one country to another. On the one hand, the emergence of ethics is different across countries; on the other hand, the threats of impartiality are very specific and sometimes unexpected. Since the standard process needs the stabilized repetition of a standard target for a particular time period, the effective response of the standard to the changing pressures that is applied to the quality of auditors is not possible. A positive and significant impact of time budget pressure on the report is less than the real time. In addition, the results show a significant adverse impact of ethics on time budget pressure (Malekian & Tavakolnia, 2014). Thus we can formulate the following hypotheses:

H<sub>3</sub>. Auditor's motivation has a significantly positive effect on audit quality.

The third hypothesis (H<sub>3</sub>) contains four parts:

H<sub>3.1</sub>. Character type has a significantly positive effect on auditor motivation.

H<sub>3.2</sub>. Internal and external control has a significantly positive effect on auditor motivation.

H<sub>3.3</sub>. The audit norms have a significantly positive effect on auditor motivation.

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