

# Effect of Audit Knowledge, Work Experience, and Gender on Audit Quality in Jakarta City

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**Abstract:** Auditor quality is an important thing in maintaining the reliability of financial statements. This study aims to analyze the factors that affect the quality of audits on Public Accountants and to determine the most dominant factors affect audit quality. The subject of this research is auditors who work in an accountant public company in Jakarta Barat. This study uses data from questionnaires. Data collection using purposive sampling where there are certain criteria in sampling research. The analysis tool used is multiple regression analysis with consists of F test and t-test. The result of this research concludes that the variable of audit knowledge affects audit quality while work experience and gender do not affect audit quality. A person with more experience in a substantive field has more things stored in his memory and can develop a good understanding of events. If the auditor understands well the profession, then the auditor will be free to perform audit tasks properly.

## 1 INTRODUCTION

Today the company needs the preparation of good financial statements. However, in order to have a good financial report, an auditing section is required because a good financial report must meet auditing standards established by the Indonesian Institute of Accountants (IAI). Auditing for the company is quite important because it gives a big influence on the activities of the company concerned. At the beginning of its development, auditing is only intended to find and find fraud and mistakes, then developed into the examination of financial statements to provide opinions on the correctness of the presentation of corporate financial statements and also become one of the factors in decision making.

As the company grows, the audit function becomes increasingly important, and the need arises from governments, shareholders, financial analysts, bankers, investors and the public to assess the quality of management's operating results and achievements of managers. To address these needs, management audits arise as a reliable means of assisting the implementation of their responsibilities by providing analysis, assessment, recommendation on activities that have been undertaken. To produce a good financial report, the quality of the audit

should be considered. Audit quality is defined as the probability that an auditor finds and reports about a violation in its client's accounting system. The probability of finding an offence depends on the auditor's ability and level of auditor independence.

In Indonesia, in November 2013 the Directorate for Economic and Special Crimes of the Police Bareskrim summoned five auditors of customs and duties related to the bribery case of the Head of Customs and Excise Sub Directorate, Heru Sulastyono. In a similar case, Finance Minister Sri Mulyani suspended permits 2 public accountants Rutlan Effendi and AP Muhamad Zen and 1 public accounting firm Atang Djaelani for violating Auditing Standards - Accounting Standards of Public Accountants (SPAP) during an audit at PT. Bumi Resources Minerals Tbk (BRMS).

Audit quality can be achieved if the auditor has good competence. Competence consists of two dimensions of experience and knowledge. Auditors as the spearhead of the implementation of audit tasks should always improve the knowledge that has been owned for the application of knowledge can be maximized in practice. Application of maximum knowledge will certainly be in line with the increasing experience owned.

The public accountant has the responsibility to determine each competency or to assess whether the

education, experience and considerations required are adequate for the responsibilities it must fulfil. Competence indicates the achievement and maintenance of a level of understanding and knowledge that allows a member to provide services with ease and ingenuity, in the case of professional assignment exceeding the competence of a member or company, a member shall consult or deliver the client to a more competent competitor. Competence consists of two dimensions of experience and knowledge. Auditors as the spearhead of the implementation of audit tasks should always improve the knowledge that has been owned for the application of knowledge can be maximized in practice. Application of maximum knowledge will certainly be in line with the increasing experience owned.

The level of knowledge that the auditor has is very important that can affect the auditor in making decisions. With a high level of knowledge owned by an auditor, the auditor will not only be able to complete an audit job effectively but will also have a broader view of things. Auditors with a high level of knowledge can detect an error. Experience also gives impact to every decision taken in the implementation of the audit so that expected every decision taken is the right decision. It indicates that the longer the work of the auditor will be the better the quality of audit generated. Previous studies related to audit quality include Harvita and Pamudji (2012) research, on independence giving results that independence has no significant effect on audit quality, while from Alim et al. (2007) research that independent, Gender and biological sex are fundamentally differentiated. Gender is divided into two that is male and female which is absolute at human being when born. Gender as an illustration of the nature, attitudes and behavior of men and women. A personality and behavior differentiated between masculine and feminine types. Feminine has characteristics such as warm in interpersonal relationships, affiliation, compromise, sensitivity, taste, pleasure in group life while masculine has less characteristic to express warmth, less responsive, risk-taking.

The purpose of research conducted in this research is as follows: 1) To analyze whether Audit Knowledge, Work Experience, and Gender jointly affect the Audit Quality Improvement; 2) To analyze whether Audit Knowledge has an effect on Improving Audit Quality; 3) To analyze whether Work Experience has an effect on Improving Audit Quality; 4) To analyze whether Gender affects Quality Audit Improvement.

## 2 LITERATURE REVIEW

### 2.1 Audit

The audit is an activity to collect and evaluate evidence from information to determine and report the level of suitability between information and predetermined criteria (Staciokas and Rupsys, 2005; Skaerbaek, 2009; Popović et al., 2015). The audit process must be carried out by competent and independent people

### 2.2 Quality Audit

It is a probability that an auditor finds and reports about infringement in the client's accounting system. The results of his research indicate that large KAPs will seek to present greater audit quality than small KAPs.

### 2.3 Audit Knowledge

Audit knowledge is defined by the level of the auditor's understanding of a job, conceptually or theoretically (Sari and Mardisar, 2007; Yanti et al., 2018). Differences in knowledge among auditors will affect the way auditors complete a job. Further explained that an auditor would be able to complete a job effectively if supported by the knowledge it has.

### 2.4 Work Experience

The more experience, the auditor can generate more assumptions in explaining the audit findings. A person with more experience in a substantive field has more things stored in his memory and can develop a good understanding of events. Meaningful work is a fundamental aspect of workplace spirituality that consists of having the ability to feel the deepest meaning and purpose of one's work. This dimension represents how workers interact with their work day by day on an individual level.

### 2.5 Gender

Gender and biological sex are fundamentally differentiated. We are born as women or men who are the absolute gift, then the biological interpretation by culture gives way that makes us masculine or feminine. Gender is thought of as a costume and mask in a theatre that describes to others about ourselves feminine or masculine. It forms the gender roles that include appearance, dress, attitude, personality, work inside or outside the home, sexuality, family responsibilities and so on.

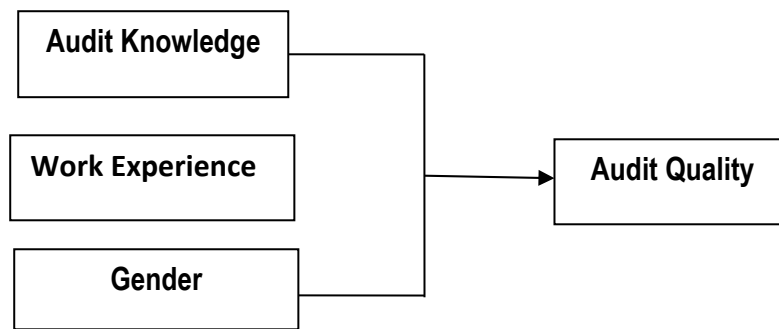


Figure 1: Research Model

Based on Figure 1 and the existing theoretical basis, the hypothesis proposed to be tested is as follows:

**Ha1:** There is a positive and significant influence between audit knowledge, work experience, gender with audit quality.

**Ha2:** There is a positive and significant influence between audit knowledge and audit quality.

**Ha3:** There is significant influence between work experience and audit quality.

**Ha4:** There is significant influence between gender and audit quality.

### 3 RESEARCH METHOD

The population in this study is a senior auditor who works in a public accounting firm in West Jakarta. The population was taken as many as 19 offices, with a total population of 95 senior auditors. Determination of this sample is done by purposive sampling, the population to be sampled this study is to meet the criteria of a particular sample by the desired researcher, and then selected based on certain considerations tailored to the purpose of research. The criteria for the sample are senior auditors who work in West Jakarta Public Accounting Firm. Selected sample of 19 public accounting firms and by using Slovin formula (Tejada and Punzalan, 2012; Khalifa and Alswailem, 2015), the total sample size used in this study was 77 auditors.

While the operational definition of variables is following:

#### a. Independent Variables

In this study, the independent variables are:

##### 1) Audit Knowledge (X1)

Audit knowledge is the level of the auditor's understanding of a job on a conceptual or theoretical basis.

##### 2) Work Experience (X2)

Experience is a skill and knowledge acquired by someone after doing something. Experience variables will be measured using the length of working indicators, the frequency of inspection work, and more.

##### 3) Gender (X3)

Gender is one of the non-technical factors that affect the quality of the audit. According to Mikkola (2005) Gender is defined as a description of the nature, attitudes and behavior of men and women. A personality and behavior differentiated between masculine and feminine types. Feminine has characteristics such as warm in interpersonal relationships, affiliation, compromise, sensitivity, taste, pleasure in group life while masculine has less characteristic to express warmth, less responsive, risk-taking.

#### b. Dependent Variable (Y)

Audit quality is the attitude of the auditor in performing its duties as reflected in the results of its reliable examination by applicable standards. In the operationalization of variables, researchers identify dimensions and indicators of each variable measured.

The multiple regression equations for testing this hypothesis are:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \quad (1)$$

$\beta_0$  = constants

$\beta_1-3$  = regression coefficient

$X_1$  = audit knowledge

$X_2$  = work experience

$X_3$  = gender

$\varepsilon$  = error

To analyze the above model using a multiple linear regression technique. Furthermore, in testing the hypothesis will be used F test and T-test,

whether an independent variable (audit knowledge, work experience and gender) simultaneously or partially have a positive influence in becoming a predictor of the dependent variable (audit quality). Multiple linear regression analysis is used to measure the influence between the independent variable and the dependent variable. Basic decision making:

- a. if P-Value (sig)  $< \alpha$  (5%), then  $H_a$  is accepted
- b. if P-Value (sig)  $> \alpha$  (5%), then  $H_a$  is rejected

## 4 RESULTS AND DISCUSSION

### 4.1 Descriptive Statistics Variable

From the results of descriptive statistical tests known that audit knowledge has the lowest value of 1.22; the highest value of 5.00; the average value of 3.9617 means that when viewed from the average of the highest and lowest score of 31.1% and compared with the resulting average of 39.6% it can be concluded that many auditors in KAP West Jakarta have extensive audit knowledge. This is because the auditor handles many cases in audit firms.

Work experience has the lowest score of 1.00; the highest value of 5.00; the average score of 4.0024 means that when viewed from the highest and lowest average of 30% and compared with the generated average of 40% it can be concluded that auditors in KAP West Jakarta have many audit experience. This is due to high auditor flight hours.

The gender that has the lowest value of 0.00; the highest value of 1.00; an average score of 0.5862. The number 1 shows the number of the feminine as many as 34 respondents with the percentage of 58.6% and number 0 indicates the masculine number of 24 respondents with the percentage of 41.4%. Then it can be concluded that auditors are more likely to have femininity properties. This is because when auditors conduct an audit, they also consider personal assumptions in making decisions.

Audit quality that has the lowest value of 1.21; the highest value of 5.00; the average value of 3.9353 means that when viewed from the average of the highest and lowest value of 31.05% and compared with the resulting average of 39.35% it can be concluded that the auditor auditing quality in West Jakarta KAP good. This is because the quality of audits achieved have the good competence and can compete with the KAP outside West Jakarta.

### 4.2 Test Data Normality

From the normality test by One-Sample Kolmogorov-Smirnov test, showed the significance level of several variables greater than 0.05, can be seen from the sig value of 0.492. If sig value  $> 0,05$  then data is said normal. Thus, based on the results of testing the normality of data proved that the data in this study is normally distributed.

### 4.3 Multicollinearity Test

From the calculation results obtained that on the collinearity statistics, the Variance Inflation Factor (VIF) on the independent variable audit knowledge 2.689  $< 10$ , work experience 2.627  $< 10$ , and gender 1.045  $< 10$ . Can be concluded all the independent variables in this study there are no symptoms of multicollinearity.

### 4.4 Heteroscedasticity Test

In the scatterplot image, it is seen that it cannot be a particular pattern in the image. The point on the image also spread randomly (random) either above or below the number 0 on the Y-axis. So it can be concluded that there is no heteroscedasticity on this regression model.

### 4.5 Autocorrelation Test

The Durbin-Watson test results show a value of 2.005,  $\alpha = 0.05$   $n = 58$ ,  $k = 3$ , yielded  $du = 1.6860$ , with the criteria  $du < dw < 4 - du$ , ie  $1.6860 < 2.005 < 2.314$ . From the results of this test can be said that this regression model is free from autocorrelation.

### 4.6 Test of Validity and Reliability of Research Instruments

While the reliability test used Cronbach alpha (Santos, 1999; Tavakol and Dennick, 2011). Test results validity of each item in the questionnaire declared valid with a value above 0.3 and reliable with the value of Cronbach alpha above 0.7.

### 4.7 Hypothesis Testing

Audit knowledge has a regression coefficient of 0.668 states each increase of audit knowledge of 1 value hence, audit quality increased by 0.668 but a significant level of audit of 0, this indicates that the coefficient of audit knowledge variable has a positive effect on audit quality with a significant

level of 0.000. This means that the more knowledge owned by auditors, the higher the quality audit.

Work experience has a regression coefficient of 0.11 denotes each increase in work experience of 1 value hence, audit quality increases by 0.11 but a significant level of work experience of 0.147; this indicates that the variable of the work experience does not affect the quality of the audit because the

significant level of 0.147 is far from the significant level of 0.05.

Gender has a regression coefficient of 0.101 stating each gender increase of 1 value hence, audit quality increased by 0.101 but gender significant level of 0.205; this indicates that the gender variable does not affect audit quality because the significant level of 0.205 is far from the significant level of 0.05.

Table 1. F-test (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.364	3	4.455	69.774	.000 <sup>a</sup>
	Residual	3.384	53	.064		
	Total	16.748	56			

a. Predictors: (Constant), work experience, gender, audit knowledge

b. Dependent Variable: audit quality

Based on the F test result as shown in Table 1, F-test value 69,774 and obtained probability (level of significance) 0.000. Therefore, the probability is  $0.000 < 0.05$ . So, from the results obtained can be

said that  $H_0$  is rejected and  $H_a$  accepted. So that it can be interpreted audit knowledge, work experience and gender together affect the quality of the audit.

Table 2. Multiple Linier Regression (Coefficients<sup>a</sup>)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-0.004	0.033		-0.127	0.899
Audit_knowledge	0.668	0.085	0.798	7.881	0.000
work_experience	0.101	0.078	0.128	1.284	0.205
Gender	0.11	0.075	0.093	1.472	0.147

a. Dependent Variable: audit quality

Based on Table 2, the result of T, it is known that the value of audit knowledge significance of  $7.881 > 1.673$  then  $H_0$  is rejected and  $H_a$  accepted. Significance value for work experience is 1.284

$< 1.673$  then  $H_0$  accepted and  $H_a$  rejected and significance value for gender equal to  $1.472 < 1.673$  then  $H_0$  accepted and  $H_a$  rejected.

Table 3. Coefficient Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.187 <sup>a</sup>	.035	.017	.54705	2.005

a. Predictors: (Constant), audit knowledge, work experience, gender

b. Dependent Variable: audit quality



Based on the results of data processing in Table 3, the value of the adjusted coefficient of determination (Adjusted R Square) is equal to 0.017. This means that 1.7% of the dependent variable of audit quality is explained by the independent variable consisting of audit knowledge, work experience and gender. The rest of 98.3% is explained by other variables outside the variables used.

## 5 CONCLUSIONS

From the research that has been done, obtained the result that audit knowledge has a significant influence on audit quality. Influence of 0.000 which means that the knowledge possessed by an auditor affect the quality audit, while the work experience does not have a significant effect on audit quality. Influence caused by  $0.205 > 0.05$ , so the experience of an auditor does not affect the audit quality generated by the auditor.

Gender variables do not have a significant effect on audit quality, the effect of  $0.147 > 0.05$ ; masculine characters are basically more rational, use more logic while feminine characters are more emotionally oriented, this can be linked to gender with audit art and science gives the meaning that audit as a craft (art) and as a science. So the gender character of an auditor does not affect the audit quality generated by the auditor.

From the result of the research simultaneously it is known that audit quality at auditor at Public Accountant Office in Jakarta can be determined by audit knowledge factor, work experience and gender in determination coefficient  $R^2$  is 1.7% and the rest 98.3% is determined by other factors outside research model this.

The results can be understood that to improve the quality of the auditors. If the auditor understands well the profession, then the auditor will be free to perform the audit tasks properly.

The subject of the study is an only limited auditor who works in the public accountant firm of Jakarta Barat, so for further research is expected in doing further research to expand the sample area and in subsequent research is also expected to add other variables that allegedly affect the quality audit

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