THE EFFECT OF AUDITOR'S INDEPENDENCE AND PROFESSIONAL SKEPTICISM ON AUDIT QUALITY MODERATED BY AUDIT FEE AND WORKLOAD

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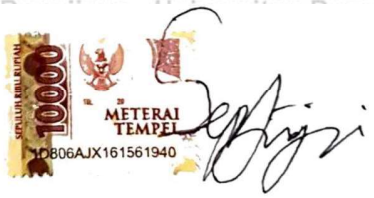

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PENGARUH INDEPENDENSI, SKEPTISISME PROFESIONAL TERHADAP KUALITAS AUDIT YANG DIMODERASI OLEH FEE AUDIT DAN BEBAN KERJA

ABSTRAK

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Penelitian ini bertujuan untuk menguji pengaruh independensi (*independence),* skeptisisme professional (*professional skepticism*), fee audit, beban kerja (workload) terhadap kualitas audit. Metode yang digunakan pada penelitian ini adalah metode analisis data menggunakan analisis deskriptif dengan pendekatan kuantitatif. Populasi dalam penelitian ini adalah Auditor Eksternal di Kantor Akuntan Publik DKI Jakarta dengan jumlah sampel sebanyak 120. Teknik analisis data menggunakan analisis jalur. Hasil penelitian ini menunjukkan bahwa terdapat pengaruh secara langsung dan signifikan independensi (*independence),* skeptisisme professional (*professional skepticism*), terhadap kualitas audit. Adapun fee audit mampu memperlemah hubungan antara independensi dan kualitas audit dan beban kerja (*workload*) mampu memperlemah hubungan antara skeptisisme professional (*professional skepticism)* dan kualitas audit.

Kata Kunci: Audit, Kualitas Audit, Independensi Auditor, Skeptisisme Profesional, Fee Audit, Beban Kerja.

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ABSTRACT

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This study aimed to examine the effect of auditor's independence, professional skepticism, on audit quality and the role of audit fees and workload in moderating the effect of auditor independence, and professional skepticism on audit quality. The study population were auditor's of Public Accounting Firms in DKI Jakarta with a total sample of 120 respondents. Path analysis was used as data analysis technique. The results indicated that there is a direct and significant influence of independence and professional skepticism on audit quality. In addition, audit fee can weaken the effect of auditor independence on audit quality and workload can weaken the effect of professional skepticism on audit quality.

Keywords: Audit, Audit Quality, Auditor Independence, Auditor Professional Skepticism, Audit Fee, Workload.

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CHAPTER I

INTRODUCTION

1.1 Background of the Study

Accountants have an important role in providing reliable financial information for the government, investors, creditors, shareholders, employees, debtors, as well as the community and other related parties. The public accountant is responsible for raising the reliability of the company's financial statement information as a basis for decision making. The quality of audits and auditors has been in the public spotlight in the past few years. Especially in Indonesia, it becomes phenomenal in the country. The trust of the financial statement is still not good among society. The low quality of audit was proven from the emergence cases where the independent auditors collaborate with the client to manipulate the financial statements, such as Enron, Xerox, Worldcom. Moreover, in Indonesia, the low quality of audit was proven through the case between PT Sunprima Nusantara Pembiayaan (SNP) Finance financial audited report by Public Accounting Firm (KAP) Satrio Bing Eny or Deloitte Indonesia. According to the Financial Professional Development Center (PPPK), the Ministry of Finance stated that there had been indications of violations of professional standards in the audit of the financial report of PT SNP Finance during the 2012-2016 financial year. In the PT SNP Finance's financial statements, a mark-up of accounts receivable warranty amounted to Rp 14 trillion. While, based on data from the Financial Services Authority (OJK), credit extended by banks to PT SNP Finance was only IDR 2.2 Trillion (Tempo; September 28, 2018).

As quoted from Financial Professional Development Center (PPPK) of the Ministry of Finance, it has been concluded that there are indications of violations of professional standards in audits conducted by the public accountants in performing general audits of PT SNP Finance financial statements during the 2012-2016 financial year. During that period, it is indicated that this case arises as an example of a decline in auditor independence because the financial statements were audited for five years. As quoted from Kontan, the PPPK conveyed its findings regarding the reduced professional skepticism of the auditor in understanding the PT SNP Finance reporting system. The above is an example of poor audit quality due to reduced auditor's independence and professional skepticism in the auditor. This raises doubts and decreases users' confidence in financial statements on audit services provided by an independent auditor.

An auditor is expected to be able to maintain independence in conducting audits. In the audit process, independence is an attitude that should be owned by the auditor in which free from influence and cannot be controlled by other parties, and the auditor will not take actions that are concerned with the client or personal interest. So auditor will carry out the audit according to audit procedures and honest in disclosing the facts with reasonable assurance in providing the excellent audit quality of client's financial statements. Independence is the first rule of behavior where an auditor takes a neutral point in conducting an audit. Moreover, the value of auditing is very dependent on public perceptions of auditor independence (Arens, 2015).

Apart from being independent in performing audit by providing an opinion on the fairness of the financial statements relating to the interests of many parties, auditors are

in a dilemma situation, which on the other sides, they should also be able to meet the demands of the clients who pay fees for their services and maintain their clients to keep using their services in the future. This situation puts auditors in a dilemma that could affect the quality of the audit.

According to Yuniarti (2011), the amount of audit fee depends on the risk of assignment, the complexity of services provided, expertise, and other professional considerations. This study shows that a higher audit fee will provide a higher quality audit as well. However, this opinion is contrary to Bing et al. (2014), which stated the number of audit fees could be a threat to auditor independence since they are economically dependent on the clients. Auditors with large audit fees will provide them with fewer incentives to detect errors and frauds from their clients, and auditors become reluctant to oppose the client's will.

Tobi et al. (2016) state that one of the reasons the auditors are not independent is because of the dimension of fees received by the auditor. Moreover, based on Li et al. (2009) (in Bing et al., 2014), unexpected audit fees can be considered a proxy for audit quality. They also concluded that higher unexpected audit fees could be considered as more effort by the auditors. Therefore, audit fees can be considered as one of the dimensions of auditor independence.

In 2017, Public Accounting Firm Purwantono, Suherman & Surja, the member of Ernst & Young (EY), based in Indonesia, was fined by PCAOB (Public Company Oversight Board) for US$ 1 Million as audit failures against the result of the audit

perform to one of the clients. EY released the audit results for an Indonesian telecommunications company in 2011, which presented unqualified opinions based on inadequate evidence. Meanwhile, the audit result presented by EY did not provide adequate support regarding the documentation of 4,000 leases in cell phone towers. Moreover, Public Accounting Firm Purwantono, Suherman & Surja made dozens of new improper audits, which hamper the investigations of PCAOB (Liputan 6, 2017).

PCAOB through Caludius Bh,. Modesti revealed that "In their haste in releasing audit reports to their clients, the firm and the partners neglected their basic duties to present adequate audit evidence." It is also in line with the opinion of Novita (2015); the workload has a negative impact on auditors' professional skepticism, where the auditor will tend to abolish some audit procedures and be easier to accept in receiving client explanations. Professional skepticism in the auditors makes the auditors need more information by collecting as much evidence as possible and requires enough time to test the audit evidence to produce an opinion upon the audited financial statements. Hurt et al. (2011) state that professional skepticism is a condition in which an auditor postpones the conclusion until audit evidence is adequate and reliable.

Meanwhile, as an auditor in a public accounting firm, they have a busy season due to limited audit personnel and the high number of audit engagements handled by an auditor. Low quality audit could be the outcome of the workload as Lopez (2005), found that audit processes conducted during the workload pressure could create a low-quality audit besides no workload pressure. Another study also stated that the consequence that might be the outcome of audit workload is decreased audit quality and quality of

earnings (Hansen et al., 2007). Setiawan (2011) stated that the workload of an auditor could also decrease audit quality. Meanwhile, the audit committee can play a role in improving the audit quality by managing the workload of the auditors. Auditor workload does not always have a negative impact. Still, the workload must be a concern for a Public Accounting Firm to maintain its reputation and pay attention to the auditor's limited time to conduct the audit process.

Another low-quality audit issue is interesting to note because the audit scandal in Indonesia is experienced by auditors from Big 4 Public Accounting Firm and auditors from Non-Big 4 Public Accounting Firm. Based on the Ministry of Finance's P2PK periodic report in the first quarter of 2020, there were still many Public Accounting Firms that are handled. From the beginning of 2020 until May 2020, there have been 13 public accounting firm permits that have been frozen. In addition, ten firms were given recommendations, 38 firms were set up with warnings, one firm was subject to revocation of entity, and one other firm was entity restricted. Not only public accounting firms, until June 2020, but there were also nine public accountants permit have been frozen. Seven public accountants that have been frozen are located in Jakarta. The period of license suspension for several public accountants varies, ranging from 6 months to 24 months with the consequence that the suspended public accountant may not receive audit services under the Decree of the Minister of Finance of the Republic of Indonesia following the suspension period and can be seen in Appendix 1.

The issue of these Public Accounting Firm above occurs because of violations of the Public Accountant Professional Standards (SPAP). The violations committed are

severe, which can significantly influence the Independent Auditor's Report, determining the audit quality. The license suspension was supported by several considerations from the Minister of Finance regarding the lack of an auditor's independence attitude with the evidence that the Public Accountant (AP) whose license was revoked. The second factor is the lack of Professional Skepticism by believing the fairness of an account without obtaining sufficient evidence.

1.2 Research Gap

Based on the background, it can be concluded that auditor independence, professional skepticism, audit fee, and workload may affect audit quality. Despite the conclusion above, some of the previous studies of audit quality showed inconsistent research results.

Research on independence by Tjun et al. (2012) indicates that independence has no significant effect on audit quality. Similar results were also found by Sukriah et al. (2009), who found that independence does not have any significant effect on audit quality. This is contrary to Singgih and Bawono (2010) and Badjuri (2011), which state that independence had a positive effect on audit quality. Research by Zarefar et al. (2016) shows that there is a positive influence of professional skepticism towards audit quality through auditor's ethics and work experience. Suraida (2006) also states that professional skepticism has a positive influence on audit quality. In contrast, Nandari and Latrini (2015) found a negative influence of professional skepticism on audit quality.

Moreover, Pratistha and Widhiyani (2014) prove that the amount of audit fees could have a positive influence on the quality of audit results. On the contrary, Hoitash et al. (2007), stated that audit fees affect audit quality with a negative relationship. Furthermore, Setiawan and Fitriany (2011) prove that workload has a negative effect on audit quality and in line with research conducted by Yusuf (2017), which concluded that the workload has a significant and negative effect on audit quality. Different results were found by Ishak et al. (2015), who concluded that workload has a positive effect on audit quality.

Differences of opinion regarding the relationship between each of the existing variables of independence, professional skepticism, audit quality, the amount of audit fees, and workload make it necessary to conduct further research. In addition, the researcher tries to fill the gaps from previous studies by developing from research by Kusuma & Prabowo (2019) and Hamid (2019). The researcher used independence and audit fee variables from the research conducted by Kusuma & Prabowo (2019). Moreover, the researcher used professional skepticism and workload variables from the research conducted by Hamid (2019). In research development, the difference in this study is the audit fee and workload as moderating variables to strengthen its influence on the relationship of independence and professional skepticism on audit quality.

Based on the explanation above, this study was conducted to figure out whether auditor independence and professional skepticism have a positive effect on audit quality and whether the amount of audit fees could weaken the effect of independence on audit quality and workload could weaken the effect of professionalism on audit quality.

1.3 Problems of the Study

Based on the background of the study above, the problem of the study are stated as follows:

1. Does independence have a positive effect the audit quality?
2. Does professional skepticism have a positive effect the audit quality?
3. Does audit fee have a moderating effect on the relation of independence with audit quality?
4. Does workload have a moderating effect on the relation of professional skepticism with audit quality?

1.4 Objectives of the Study

Based on research problems of this study, moreover this study have purpose to obtain empirical results, including:

1. To explain the effect of auditor's independence on audit quality.
2. To explain the effect of auditor's professional skepticism on audit quality.
3. To explain the effect of audit fee on auditor's independence with audit quality.
4. To explain the effect of workload on auditor's professional skepticism.

1.5 Significance of the Study

The results of this study aim to provide:

1. Theoretical Contribution

a. For the future researcher, this study can be used as a reference for further research on independence, professional skepticism on audit quality moderated by audit fee and workload.

b. For the researcher, this study will improve knowledge in the auditing field, especially about independence, professional skepticism on audit quality which moderated by audit fee and workload.

2. Practical Contribution

This study contributes to the independent auditors of accounting firms in Indonesia to give contribution and insight to the auditors for their improvement in conducting audit procedures regarding independence, professional skepticism, audit fee, and workload. Furthermore, this study could perform empirical evidence about the effect of independence, professional skepticism on audit quality moderated by audit fee and workload.

CHAPTER II

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Auditing

ASOBAC (A Statement of Basic Auditing Concept) in Halim (2015) defines auditing as a systematic process for obtaining and evaluating evidence objectively related to financial statements under established standards and communicating the results to the users of the financial statements, where these results will be used by users of financial statements for appropriate decision making.

According to Soekrisno (2012), auditing is a critical and systematic examination carried out by an independent party to the financial statements prepared by management, along with evidentiary notes and supporting evidence, to provide opinion on the reasonableness of the financial statement.

The general standard of IAPI segment 210 about audit competency expresses that "audit must be directed by somebody who has the competency and sufficient specialized abilities as an inspector" (IAI, 2011). The primary general audit standard requires the examiner to have an applicable instructive foundation and satisfactory competency. An examiner needs to improve the competency by joining the propelled training given by IAI and sufficient working background.

In conclusion, auditing is an objective examination and evaluation of the financial statements of an entity to make sure that their records are a fair and accurate representation of the transactions they claim to represent. Its purposes are to remove any bias when it comes to the state of a company's finances. They also help provide stakeholders with a sense of accuracy when regarding matters that are being audited.

2.2 Audit Quality

In Indonesia, in carrying out the audit, the auditor is guided by the auditing standards that have been set by the Institut Akuntan Publik Indonesia (IAPI) to maintain audit quality. SPAP No. 01 SA Section 150 (IAPI, 2016) stated that an audit is recognized as a good quality audit if it fulfills the auditing standards and quality control audits. Auditing standards consist of general standards, fieldwork standards, and reporting standards. These audit standards are the rules or performance set by the IAPI includes three parts:

1. General Standards

a. The audit is to be performed by a person or people with adequate technical training and proficiency as an auditor.

b. In all matters relating to the assignment, the auditors must maintain independence in mental attitude.

c. Due professional care is to be exercised in the performance of the audit and the report preparation.

2. Standards of Field Work

a. The work is to be adequately planned and assisted, if any, are to be appropriately supervised.

b. A sufficient understanding of the entity and its environment, including its control, should be obtained to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures.

c. Sufficient competent audit evidence should be obtained through audit procedures performed to afford a reasonable basis for an opinion regarding the financial statements under audit.

3. Standards of Reporting

a. The report shall state whether the financial statements are presented under generally accepted accounting principles.

b. The report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.

c. Informative disclosures in the financial statements are regarded as reasonably adequate unless stated otherwise in the report.

d. The report contains either an expression of opinion regarding the overall financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed.

Rosidah (2010) defines that audit quality must be under the standards so the auditors can disclose and report when the client commits violations.

2.3 Audit Result

In carrying out the assignment, the auditor is responsible for giving an opinion on the audited company's financial statements. In conducting audit process in Indonesia, the auditor in giving his opinion should refer to SA 508 paragraph 10, which explains the five types of auditor's opinions, as follows:

a. Unqualified opinion

The unqualified opinion states that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of certain entities under generally accepted accounting principles in Indonesia. This is the opinion expressed in the auditor's standard form as outlined in paragraph 08.

b. Modified Unqualified Opinion

Certain circumstances may require the auditor to add an explanatory paragraph (or other languages of explanation) to his audit report.

c. Qualified Opinion

Qualified opinion stating that the financial statements present fairly, in all material respects, financial position, results of operations, and cash flows of certain entities under generally accepted accounting principles in Indonesia, except for the impact of matters relating to excluded.

d. Adverse Opinion

The opinion states that the financial statements do not present fairly the financial position, results of operations, and cash flows of certain entities under generally accepted accounting principles in Indonesia.

e. Disclaimer of opinion

The auditor did not express an opinion on the financial statements. It is expressed when the auditor cannot obtain sufficient and appropriate audit evidence to base the opinion.

2.4 Independence

Following the *Standar Profesional Akuntan Publik* (SPAP) set by IAPI, Audit Standard Section 220 PSA No. 04 Paragraph 2 (2016), independence for an auditor is a condition auditor cannot be influenced in carrying out the audit process aims in the public interest. Independence also means that the auditor is honest in considering the facts, and there are objective considerations by not taking sides in formulating and expressing his opinion. Independence avoids personal interest that can affect auditor's objectivity in performing audit services.

Based on Abdul Halim in Hartan Hanum (2016), the three aspects of independence of an auditor are:

1. Independence in fact

Auditor must have an excellence honest attitude in conducting every step in the audit process.

2. Independence in appearance

Independence in appearance means that the other party's insight to the auditor in relation of conducting the audit process. The auditor must maintain their attitude so that the other party will believe in their independence.

3. Independence in competence

Auditors need to have the competence or ability to audit while carrying out and completing the audit process. In reality, auditors often have difficulty maintaining their independence. Circumstances that often interfere with the independent mental attitude of auditors are as follows (Mulyadi, 2002: 27):

1. As an independent auditor, the auditor is paid by his client for these services.
2. As a seller of services, often, the auditor tends to satisfy the desires of his clients.
3. Maintaining auditor's independence can often lead to client loss.

Meanwhile, auditor's independence is a fundamental grip in the audit profession and is a crucial element in the company's reporting process. To ensure excellent audit quality, a focus on auditor independence is needed to ensure that auditors are not too familiar with clients because this may threaten the integrity of an auditor (Arrunda, 200 in Tobi et al., 2016).

2.5 Professional Skepticism

According to SPAP SA 200 (IAPI, 2019), professional skepticism is a necessary and most important attitude in examining the audit evidence, such as questioning contradictory audit evidence, document reliability, and other information from management and other responsible parties. International Standard on Auditing (ISA) 200 states that auditors need to apply professional skepticism because, under certain conditions, the client's financial statements contain material misstatement. Then it is a must for the auditor to apply their professional skepticism in carrying out their duties to choose the appropriate audit procedures in order to obtain an appropriate audit opinion.

Auditors must have professional skepticism, especially when obtaining and evaluating audit evidence. The auditor must not simply assume that management is dishonest, but the auditor must also not assume that management is completely honest (IAI, 2000, SA section 230; AICPA, 2002, AU 230). A similar statement is also found in ISA No. 200 (IFAC, 2004), which states that auditors must plan and carry out audits is a possibility of misstatement in the financial statements. The auditor's professional skepticism will direct them to ask for any cues that indicate the possibility of fraud (Louwers, 2005 in Noviyanti, 2008).

Moreover, Hurtt (2010) developed a model of professional skepticism and figured the characteristics of someone with professional skepticism. There are six characteristics of professional skepticism:

1. Questioning Mind

Questioning mind is the questioning attitude of an individual in examining the audit evidence and information obtained during the audit process. This attitude refers to the curiousity and interest of the auditor (Hurtt, 2010). Therefore, professional skepticism has to continually ask for questions for further clarification, justification, or proof regarding information and evidence obtained that will lead to the possibility of material misstatement due to fraud or error. In order to achieve the goals in making audit judgments or forming conclusions, the auditor will adopt the questioning mind attitude in order to obtain sufficient evidence. Paragraph A20 of ISA 200 specifies that auditors must make critical assessments of audit evidence with a questioning mind regarding the validity of the evidence.

2. Suspension of Judgement

Suspension of judgment is an attitude whereby auditors delay making audit judgment to make a proper conclusion to explain the actual cause of an audit issue until sufficient evidence has been gathered (Hurtt, 2010). Auditors who possess the trait of suspension of judgment will not accept any explanation or statement from the client without critically evaluating the audit evidence. Moreover, as a skepticism trait, the suspension of judgment will cause auditors to gather more information, take time to make decisions, and postpone judgment until sufficient observation can be done, tested, and verified through audit evidence. The auditors will have a careful assessment and consideration of audit evidence obtained to generate sufficient and relevant evidence to conclude.

3. Search for Knowledge

Another characteristic of professional skepticism is searching for knowledge, demonstrated by curiosity or a desire to investigate. The purpose of search for knowledge drives auditors to seek additional information to clarify complex situations and reduce task uncertainties since auditors will be faced with uncertainties whenever new or more complex assignments are experienced. Uncertainties will lead to a skeptical individual finding more specific information. PSA No. 1, SA section 150 highlights the importance of gaining knowledge and gather sufficient audit evidence in conducting audits with various audit techniques and procedures. The knowledge gained by auditors is useful for a variety of audit procedures and techniques. This matter is stated in standards of fieldwork which mentioned that sufficient and competent audit evidence must be obtained through inspection, observation, inquiry, and confirmation as an

adequate basis to express opinions on audited financial statements. Therefore, in the event of high fraud risks, audit procedures must be enhanced and diversified to obtain more authentic information.

4. Interpersonal Understanding

Interpersonal understanding is understanding the motivation and integrity of a person's behavior who present the audit evidence (Hurtt, 2010). The purpose of this characteristic is to determine whether the information given by clients is valid. An attitude of skepticism can be relied upon to know and accept that each individual could have different perceptions of an event or the same object.

The interpersonal understanding trait also requires auditors to be doubtful of the actions and behavior of a client. Auditors must comprehend the motives and incentives which may drive the client's behavior. Once the assumption or motivation of individuals is identified and understood, skepticism has a basis for object or correcting false assumptions (Hurtt, 2010).

5. Self-Esteem

The self-esteem trait refers to feelings of self-worth and belief in one's abilities (Hurtt, 2010). Auditors who possess this trait are more confident of performing audit tasks effectively and making their audit judgments and conclusions. They are also capable of challenging all of the client's decisions and assumptions contrary to auditors' principles. Self-esteem auditors are confident of their work and able to defend themselves against pressure from others. Moreover, this characteristic could reduce the risk due to material misstatement and fraud.

6. Autonomy

The autonomy characteristic refers to auditor's ability to decide the information's adequacy as audit evidence before making audit judgments (Hurtt, 2010). Auditors with high autonomy rely less on clients' suggestions and will not be easily affected by other's beliefs or opinions. Skeptical auditors will be diligent in carrying out additional investigations and audit evidence until they are personally confident and satisfied to make their own decisions. Autonomy can be related to professional courage, stating that the auditors must have professional courage to critically evaluate and discard others' opinions and give their inventions.

2.6 Audit Fee

Audit fees are important in client acceptance (Halim, 2015). The auditor works to get a wage or salary in the form of an audit fee. The amount of audit fee received by the auditor is suspected of affecting the audit quality. On the one hand, the auditor must act independently to give an audit opinion. On the other hand, auditors also get audit fees for the services provided by the client being audited (Herawati, 2011).

According to Supryono (2007), large fees can reduce independence based on the following reasons:

1. Public accounting firm that receives a large audit fee is dependent on the client, making them reluctant to oppose the client's opinion, even though the client's opinion may not be following the generally accepted accounting principles.

2. A public accounting firm that receives a large audit fee from a client is afraid of losing the client because it will lose their income. It may cause the public accounting firm to tend not to be independent.
3. Accounting firms tend to pay large counterpart fees to one or several audited key client officials even though the code of ethics prohibits this act. This action tends to result in a non-independent relationship with the client.

In using audit services, companies must have an audit engagement about audit fees in advance with the public accounting firms regarding the fees paid for the services provided. Institute Public Accountants Indonesia (IAPI) issue a decree (SK) No. KEP.024/IAPI?VII/2008 on July 2, 2008, regarding the policy for determining the audit fee. Moreover, professional standard public accountant section 240 point 1 regarding fees stated, in negotiating the professional services provided, practitioners can propose the amount of professional service fees deemed appropriate (Nuridin and Widiasari, 2016). Public accounting firm members are not allowed to give or receive a commission because giving or receiving the commission can reduce their independence. Moreover, the IAPI Regulation No. 2 (2016) concerning the determination of financial statement audit fee are as follows:

1. Right of the audit fee.

When providing an audit, the public accountant/public accounting firm has the right to receive fee for services based on the agreement between the firm and the client set in the engagement letter.

2. Policy for determining audit fee

a. Every member who acts as a partner leader at the public accounting firm must establish policies as a basis for calculating the amount of audit fee.

b. The calculation of the amount of audit fee includes, among others:

i. The hourly charge-out rate for each level of auditor staff.

ii. Pricing policies for pricing that differ from the standard rates.

iii. Method of determining the total amount of audit fee to be billed to the client as stated in the engagement letter.

3. The method of determining the total amount of audit fee could apply:

a. Total lump sums

b. Amount determined based on actual use of personnel working hours or engagement team composites

c. Amount determined based on actual use of personnel or team's work hours engagement with a specified minimum and or maximum amount in accordaning to client's budget.

2.7 Workload

Workload is a set of activities that an organization or worker must complete within a certain period of time. Workload is an aspect that someone in their work must consider. If someone has a high workload, the quality that will be produced will not be in accordance with what has been previously determined. Likewise, suppose auditors have a high workload. In that case, the audit quality will be low due to a large amount of work and limited time to complete the task.

The workload of an auditor is usually associated with a busy season, which usually occurs at the beginning of the first quarter mainly due to the many companies that have a fiscal year ended in December. Persellin, Schmidt, and Wilkins (2015) state that the average auditor works 5 hours per week above the threshold where they believe audit quality begins to decrease. Often auditor reaches 20 hours above the limit during the peak season. Compared to employees at companies other than public accounting firms generally have 8 working hours per day. The rest will be categorized as overtime, and usually, employees in companies other than public accounting firms do not do overtime with frequent intensity.

In Indonesia, the working hours are regulated by Law (UU) No. 3/2003 regarding manpower, article 77 paragraph 1 which contains provisions for working hours, namely 7 working hours in 1 day, 40 working hours in 1 week for 6 working days in 1 week or 8 working hours in 1 day, 40 working hours in 1 week for 5 working days in 1 week. These high working hours will affect the concentration of the auditors and will further affect the assessment of the audit process that is being carried out in the company. Excess work during busy season will lead to fatigue and a tight time budget for the auditor that will produce low quality audit (Lopez and Peters, 2011). Jay Hanson in Persellin, Schmidt, and Wilkins (2015) says that fatigue in auditors due to heavy workload pressures causes negligence and errors in reporting irregularities and allows auditors to perform minor audit deviations (dysfunctional audit behavior) such as passing several audit procedures and an incomplete check.

During the peak season, the auditor will carry out the audit process for several clients simultaneously. Liswan and Fitriany (2011) define workload as audit capacity

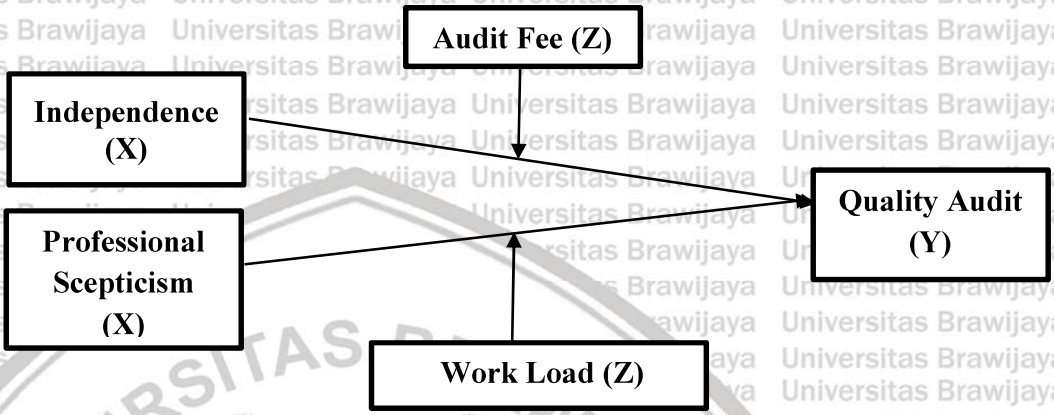
stress, which is the pressure faced by the auditor in relation to the large number of audit clients that must be handled. Workload with a large number of clients will make an auditor experience high pressure and can reduce the quality of the audit. Pressures that occur when the workload is marked by the tension between limited resources and the need to complete the work are not matched by the available time. Persellin, Schmidt, and Wilkins (2015) also show evidence that workload pressures can lead to absenteeism and high employee turnover and reduce employee performance.

The high workload occurred when there is a time deadline, often very quickly. Quick deadline will certainly affect the quality of the audit results where auditor loses their ability to detect errors or fraud in the client's financial statements. Time demands arise when auditors are required to complete all audit tasks within the available time before the predetermined time limit (Margheim et al., 2005). DeZoort (1998), in his journal, assesses that time deadlines are unpredictable compared to time budgets, which could make auditors difficult to anticipate and handle their time deadlines strategically. In conducting the audit, time deadlines can arise from the public accounting firms where the auditor works, from clients, and third parties such as regulators.

2.8 Conceptual Framework and Hypothesis Development

2.9.1 Conceptual Framework

Figure 2.1
Conceptual Framework



2.9.2 Hypotheses Development

Hypotheses are derived from theories that form the basis of conceptual models of research and are often relational. In conclusion, a hypothesis can be defined as a logical guess connection between two or more variables revealed in statements that can be tested. By testing hypotheses and confirming the alleged relationships, solutions can be found to improve the problem at hand (Sekaran & Bougie, 2013). In this study, researchers developed several hypotheses as follows:

2.9.2.1 Independence

According to general auditing standards, an auditor must be free from all influence or have an attitude of independence. Based on the Exposure Draft Code of Ethics for the Professional Public Accountant Section 280.2 states that independence is an important thing that must be possessed by the auditor in carrying out the audit process, this is needed by the auditor to express an unbiased opinion and be free from the influence of other parties. In carrying out the audit process, the auditor must be guided

by the applicable audit standards in a country to produce high quality audit reports. The auditor must maintain an independent mental attitude because the opinion issued is aimed at increasing the credibility of the financial statements presented by management so that if the auditor is not independent, the resulting audit quality is not excellent. Audit quality is influenced by the independence of the auditor. The auditor must be free, independent, and professional in carrying out the audit process to produce a high-quality audit report. Badjuri's research results (2011) prove that auditor independence has a positive and significant effect on audit quality, so an increase in auditor independence will improve the quality of audits produced. Auditors must be independent of the client when performing their duties. In addition, auditors must make consistent decisions with the public interest in conducting audits. In carrying out their professional responsibilities, auditors may face pressure or conflicts from the entity being examined, various levels of positions, and other parties that can affect the independence of the auditor. In dealing with these pressures or conflicts, auditors must be professional, based on facts, and impartial. The auditor must be honest and open with the entity being examined and the users of the audit report.

This study is consistent with Pratistha and Widhiyani (2014), which found that auditor independence had a positive effect on audit quality. Winda and Sofie (2014) also found that auditor independence had a positive effect on audit quality. However, the research conducted by Handayani (2014) is different and found that Auditor Independence has no effect on Audit Quality.

H_1: Auditor's independence has a positive influence on audit quality

2.9.2.2 Professional Skepticism

Audit Standard (SA) 200 No. 15 (Ref: Para. A18-22) states that auditors need to have professional skepticism in evaluating audit evidence because material misstatements may occur in a financial statement. Hurtt (2010) states that when auditors have professional skepticism, it allows doubt to be based on prejudice. Similar meanings also explained in the International Standards on Auditing (IASSB, 2009), professional skepticism is an attitude that includes a questioning mind, being alert to conditions and circumstances that indicate the possibility of material misstatement caused by errors or fraud, and critical evaluation of audit evidence. The concept of professional skepticism set out in this standard is an attitude of always asking questions, being alert, and being critical in carrying out the entire audit process.

Saputra (2018) stated that professional skepticism has a positive effect on audit quality. The higher the professional skepticism possessed by the auditor, the higher the quality of the audit produced; meanwhile, the lower the professional skepticism the auditor has, the lower the quality of the audit produced. Jaya (2016) also showed that professional skepticism has a positive relationship with audit quality. Professional skepticism includes a questioning mind and critically evaluating the audit evidence to establish the excellent quality of audit. Based on the description above, then the hypothesis can be formulated as follows.

H_2: Auditor's professional skepticism has a positive influence on audit quality

2.9.2.3 Audit Fee

Independence is an attitude that an auditor must own to avoid personal interests in carrying out the audit. Therefore in order to produce a high-quality audit, an independent

attitude from the auditor is required. The auditor who upholds independence in conducting their audit will have a good image that causes the firm to have credibility. This attitude will attract the client's to use the audit services because they are able to be independent. If the client has used audit services, then the auditor will certainly receive a fee in return for the services provided.

Audit fees are all costs paid by the client to the public accounting firm for audit services that the auditor has carried out. This audit fee consists of wages to the auditor, costs for travel, and other costs needed in the audit process (Susmiyanti and Rahmawati, 2016). It is generally perceived that larger audit firms can charge higher audit fees due to monopolistic power or greater audit monitoring effort. Therefore, auditors may have a higher audit fee to yield to greater client pressure, compromising independence.

Therefore, whether audit quality is impaired based on audit fees is an empirical question. Many research has been done on this topic, such as research conducted by Nuridin and Widiasari (2016) regarding the effect of audit fees and auditor engagement period on audit quality, the results show that audit fees affect audit quality. The relation of the effect of audit fees on independence can be seen in research conducted by Pratono and Lestari in Kusuma and Prabowo (2019), which proves that audit fees have an influence on auditor independence. Moreover, Supriyono (1988) stated that the amount of audit fee could affect the independence of public accountants appearance because the expensive fee can make accounting firms reluctant to oppose the will of the client, while the small fee can limit the time and cost to perform complete audit procedures. It can be concluded that audit fees are expected to weaken the auditor's independent relationship with the quality.

H3: Audit fee weakens the influence of independence on audit quality

2.9.2.4 Workload

Workload is the amount of work that must be completed within a certain period. The workload faced by the auditor will vary according to the capabilities they have. High workload leads the auditor to have a lot of work to do. At the same time, the time is limited, which tends to cause the auditor to quickly accept explanations and does not look for more in-depth information about the audit evidence he gets. It proves that the heavy workload will reduce the auditor's professional skepticism (Nasution and Fitriany, 2012).

Novita (2005) also proved that workload has a negative relationship with auditor professional skepticism. Higher workload will reduce auditor professional skepticism, where the auditor will tend to abolish some audit procedures and be easier to accept in receiving client explanations. Professional skepticism in the auditor makes the auditor need more information by collecting as much evidence as possible and requires enough time to test the audit evidence to produce an opinion upon the audited financial statements to create a high-quality audit.

Nasution and Fitriany (2012) also found that workload has a negative influence on professional skepticism. Increasing workload will reduce the ability of auditors to detect fraud in a company that will result in lower audit quality. Based on the concept and definition above, it can be assumed that if the workload increases, both professional skepticism and audit quality will decrease. The hypothesis proposed is:

H4: Workload weakens the influence of professional skepticism on audit quality

CHAPTER III
RESEARCH METHOD

3.1 Type of Research

The method used in this study is a quantitative method by hypotheses testing. The quantitative research method places more emphasis on using numbers which makes them more detailed and clearer. Testing hypotheses aims to examine the effect of Independence, Professional Skepticism on Audit Quality with moderating Audit Fee and Workload variables. The research strategy used in this study is a survey because this study collected information about the behavior of the research object, the auditor of the public accounting firms.

3.2 Population and Sample

3.2.1 Population

The population is characterized as a group of individuals, events, or energizing things that need to be explored by researchers (Sekaran & Bougie, 2013). The population in this study are auditors who work in public accounting firms (KAP) in DKI Jakarta province, listed in the Indonesia Public Accountants Institute Directory (IAPI) in 2020. The researcher selected DKI Jakarta because this province is one of the economic centers in Indonesia. The number suspension of public accountant's license in DKI Jakarta has a most case around Indonesia as of June 4, 2020.

3.2.2 Sample

According to Sugiyono (2013:116) sample is a portion of the number and characteristics possessed by the population. The procedure for determining the sample

in this study is purposive sampling which is included in the non-probability sampling. The meaning of purposive sampling is the technique of determining the sample with certain considerations (Sugiyono, 2013). The considerations in this study are as follows:

1. Auditors work in a public accounting firm in DKI Jakarta Province
2. Auditors are not limited by the auditor position in the public accounting firm (Partner, Manager, Senior Auditor, or Junior Auditor) so that all auditors who work in the Public Accounting Firm can be included.
3. Auditor with a year of experience in a public accounting firm.

In this research, the number of samples from the unknown population was determined based on Roscoe (1975) in Sekaran and Bougie (2016:265), namely:

1. Sample size larger than 30 and less than 500 is appropriate for most research.
2. If samples are broken into subsample (male, female, juniors, seniors, etc.), a minimum sample size of 30 for each category is necessary.
3. In multivariate research (including multiple regression analysis), the sample size should be several times (preferably ten times or more) as large as the number of variables in the study.
4. For simple experimental research with tight experimental controls (matched pairs, etc,.) successful research is possible with a sample as small as 10 to 20 in size.

The statement above explains where a sample size larger than 30 and less than 500 is appropriate for most research, a minimum sample size of 30 for each category is necessary and in multivariate research (including multiple regression analysis), the

sample size should be ten times as large as the number of variables in the study. Therefore, the sample in this research is as many as 120 auditors who work in public accounting firms in DKI Jakarta.

3.3 Research Data and Data Source

Research data is defined as all facts and figures used as material to compile information (Arikunto, 2002). In this segment, the researcher explains the research data and data sources used in this study.

3.3.1 Data Types and Sources

The type of data used in this study is primary data. According to Arikunto (2013) primary data is collected through the first party, usually through interviews, polls, and others. The data source of this study was chosen based on a large number of public accounting firms in Indonesia, namely public accounting firms that are located in DKI Jakarta province. Moreover, in this study, the primary data are obtained from the individual respondents, namely auditors working in the public accounting firms in DKI Jakarta.

This study used questionnaire survey method as the main tool to obtain data. A questionnaire is a data collection technique done by giving a set of questions or written statements to respondents to be answered (Sugiyono, 2016:142).

3.3.2 Data collection technique

The data collection method used in this study is a questionnaire survey method. The survey method produced the primary data for this study. The survey method is a type of data collection used in this study. In collecting data, the researcher dealt directly

with respondents to get their opinions through the questionnaire provided to the auditors in public accounting firms in DKI Jakarta.

The statements contained in the questionnaire are items obtained from the studies of Elfarini (2007), Handayani (2014), Rama (2019), and Faizal (2019) which most of the items in the questionnaire are originated from Indonesia language. So, this study indirectly uses indicators for questionnaires are derived from the studies of Tjun et al. (2012), Elfarini (2007), Hurrt (2010), Dewi (2016), and Persellin et al. (2015). Moreover, the researcher modified the questionnaire items to fit the suitability and needs of this study.

After completing the questionnaire, it was distributed indirectly or online to auditors who worked at Public Accounting Firms (KAP) in DKI Jakarta. It is because of the current condition of Covid-19, referring to the regulation of the governor of DKI Jakarta number 51 of 2020 (*PERGUB no 51 Tahun 2020) that* restricts certain activities and movements of people and appeals for work from home in the area of DKI Jakarta in a transition period to new normal condition. To avoid the spreading of the virus, the questionnaire data was distributed through online platforms. The questionnaire was created using Google Docs with a brief explanation of the study and how to fill out the questionnaire. The stages of distributing questionnaires online are as follows:

a. Collect data of the number, names, telephone numbers of all public accounting firms in DKI Jakarta from IAPI.
b. Contact several public accounting firms in DKI Jakarta to confirm willingness to become respondents via telephone or email confirmation.

c. Researcher distributed the questionnaire online to public accounting firms in DKI Jakarta who are willing to become respondents
d. After distributing the questionnaire, if within a week later, the number of respondents still had not reached the minimum number of samples, The researcher would distribute the questionnaire personally through whatsapp group of Indonesia Auditor and the auditor community on social media platforms.
e. When the respondents' minimum target was reached, the researcher made a recap of the research questionnaire and tabulated the respondent's data and then processed the data. Then, the data was tested using PLS, and the researcher analyzed the result.

3.4 Definition, Indicator and Measurement of Variables

This study used three types of variables: independent variables, dependent variables, and moderating variables. The dependent variable is the variable that is the main concentration in the study. The independent variable is one of the variables that have effect on the dependent variable in both positive and negative directions. In contrast, the moderating variable can strengthen or weaken a relationship between variables (Sekaran & Bougie, 2013).

Measurement of constructs in this study used a Likert scale (five) points ranging from Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A), to Strongly Agree (SA). Measuring the attitudes, opinions, and perceptions of a person or group of people

about social phenomena is a function of the Likert scale (Sugiyono, 2017). A more detailed description of the Likert scale can be seen in **Table 3.1**.

Table 3.1
Scale of Measurement

Statements	Answer	Point
Positive	Strongly Agree (SA)	5
	Agree (A)	4
	Neutral (N)	3
	Disagree (D)	2
	Strongly Disagree (SD)	1

Statements	Answer	Point
Negative	Strongly Agree (SA)	1
	Agree (A)	2
	Neutral (N)	3
	Disagree (D)	4
	Strongly Disagree (SD)	5

3.4.1 Endogenous Variable

3.4.3.1 Audit Quality

Audit quality is the ability of an auditor to carry out their duties wherein conducting an audit, the auditor can find client errors and report them. De Angelo (1981) defines audit quality as the probability that an auditor will both discover material misstatements in the client's financial statements (competence) and truthfully report such material errors, misrepresentation, or omissions in client's financial statements in the auditor's audit report (independence). An audit with excellent quality is generated when the program's aim is reached, such as expressed opinions based on the client's actual condition and under applicable audit standards.

Indicators of audit quality use instruments that were developed from Elfarini (2007). Indicators that will be used for this variable are:

1. Report all client misstatements.
2. Understand the client information systems.
3. Strong commitment in carrying out audit.
4. Suitability with audit standard and accounting standard during an inspection.
5. Careful attitude in decision-making

3.4.2 Exogenous Variable

3.4.2.1 Independence

Auditor independence is one of the audit quality indicators on the client's financial statements. Auditors of Public Accounting Firms must be independent because they carry out their work in the public interest and have a great risk with their opinions. In this study, the auditor's independence measurement is proxied into four sub-variables from Tjun et al. (2012) as follows:

1. Audit Tenure

In Indonesia, the issue of audit tenure or auditor tenure with clients has been regulated in the Minister of Finance Decree No.423/KMK.06/2002 concerning public accounting services. The ministerial decree limits the auditor's tenure to a maximum of three years for the same client, while for the Public Accounting Firm, it can be up to five years. This restriction is intended so that auditors are not too close to clients so as to prevent accounting scandals from occurring (Elfarini, 2007). Audit tenure can

improve audit quality due to increased auditor independence. However, audit tenure can also have an impact on reduced audit quality because auditors may lose their independence when carrying out the audit process. The indicators used to measure audit tenure are long time auditing clients.

2. Pressure from client

In carrying out their functions, auditors often experience conflicts of interest with company management. Management may want the company's operations or performance to appear successful, which is reflected through higher profits with a view to creating rewards. To achieve these objectives, it is not uncommon for company management to exert pressure on the auditors so that the audited financial statements produced are in accordance with the client's wishes (Media accounting, 1997). In this situation, the auditors are in a dilemma. On the one hand, if the auditors follow the client's wishes, then they violate professional standards. However, if the auditors do not follow the client, the client can stop the assignment or switch to other accounting firm.

Based on the description above, the auditor has a strategic position both in the eyes of management and in the eyes of users of financial statements. In addition, users of financial statements have great confidence in the results of the auditor's work in auditing financial statements. To meet excellent audit quality, the auditors, in carrying out their profession as an examiner, must be guided by the code of ethics, professional standards, and financial accounting standards applicable in Indonesia. Every auditor must maintain integrity and objectivity in carrying out their duties by acting honestly,

firmly, without pretension so that they can act fairly, without being influenced by pressure or demands from certain parties to fulfill personal interests (Khomsiyah and Indriantoro, 1998 in Elfarini, 2007). The indicators used to determine the pressure from clients are the imposition of sanctions and the threat of changing auditors from clients.

3. Peer Review

Peer review is a review by a public accountant for public accounting firms comply with the audit quality control system (Arens et al., 2008: 49). Peer reviews are reviews of fellow auditors where there is a monitoring mechanism used to improve audit quality. The review of this fellow auditor provides benefits for the public accounting firms being reviewed and the auditors involved and also for its clients. The indicators used to determine the effect of peer review are the benefit of the peer review.

4. Non-audit services

Services provided by public accounting firms are not only attestation services but also non-attestation services in the form of management consulting services and taxation as well as accounting services such as financial reporting services (Kusharyanti, 2002: 29). The existence of two types of services provided by a public accounting firm makes the independence of auditors against their clients questionable, which will affect audit quality (Elfarini, 2007). Providing services other than audit services means that the auditor has been involved in client management activities. Suppose, at the time of testing the client's financial report, errors are found related to the services provided by the auditor, then the auditors do not want a bad reputation

because they are considered to provide bad alternatives for their clients. So this can affect the audit quality of the auditors (Elfarini, 2007).

There are indicators used to determine the effect of non-audit services, namely the provision of audit and non-audit services to the same client. It is the provision of services other than audit services that can improve the information presented in the public accountant's audit report.

3.4.2.2 Professional Skepticism

Professional skepticism is a prudential attitude in an audit of the client's financial statements. Professional Skepticism is an attitude of the auditor which includes thoughts to question and evaluate the audit evidence critically (SA No. 04, SA Section 230). The indicator used to measure auditor's professional skepticism in this study was adopted from Hurtt (2010). The six indicators of professional skepticism measurement developed by Hurtt (2010) are as follows:

1. Questioning mind

The main characteristic of professional skepticism is the attitude of the auditor who always questions and evaluates audit evidence critically to show that a material misstatement because a deviation has occurred or not.

2. Suspension of judgment

The second characteristic in the professional skepticism of auditors according to Hurtt (2010), is deferred assessment, in which auditors tend to gather sufficient evidence so as to delay making a conclusion.

3. Search for knowledge

Bailey et. al. (2007) define the search for knowledge as a sequence of processes starting from problem formulation, seeking knowledge, to the final process that has produced sufficient knowledge. In conducting the audit process, auditors are expected to be able to seek and gather sufficiently reliable and competent evidence.

4. Interpersonal understanding

According to Hurtt (2010), to identify whether the information received is valid, an auditor seeks to understand the motivation and integrity of the information provider. Interpersonal understanding is required by the auditor to detect the honesty of the client or information provider in the audit process.

5. Self-confidence

This characteristic is the attitude of an auditor who not only accepts explanations from one party, but auditors must also accept explanations from other relevant parties. Hurtt (2010) explains that self-confidence requires conditions when a skeptical auditor makes direct interactions and recognizes explanations from other parties other than those from the evidence provider.

6. Autonomy

A skeptical auditor will not draw conclusions until they are personally convinced that the evidence is sufficiently competent. According to Hurtt (2010), professional skepticism involves individual autonomy, namely self-direction and capital independence. The auditor's skepticism can direct the auditor to obtain sufficient evidence so that the auditor can feel personally confident about the evidence.

3.4.3 Moderating Variable

Moderating variables are variables that can strengthen or weaken the direct relationship between the independent variable and the dependent variable (Sekaran and Bougie, 2013). The relationship between the independent variables with the dependent variables is likely positive or negative depending on the moderating variable. Moderating variables in this study are as follows:

3.4.3.1 Audit Fee

Audit fees are fees for services provided to public accounting firms in the form of money, goods, or other audit services that have been carried out by the auditor to the company (client) concerned. In investigating the audit fee, an instrument developed by Dewi (2016) and used Faizal (2019) was employed. Audit fee variable contains indicators of the risk of assignment, client's requirements, level of expertise, and the complexity of the services provided by the auditors.

3.4.3.2 Workload

Workload is the amount of work that must be done by someone. Fitriany (2011) states that the auditor's workload can be seen from the large number of clients that must be done by an auditor while there is an imbalance of time with the number of clients owned by an auditor in carrying out the audit process.

In investigating workload variable, instruments developed by Persellin, Schmidt, and Wilkins (2015) was employed. Workload variable is measured by open-ended

questions on the questionnaire with an indicator of the number of clients handled, auditor working hours, decreased ability of auditors to find misstatements.

3.5 Evaluation of Measurement Model (Outer Model)

3.5.1 Validity Test

Validity test is used to measure the validity of a questionnaire. According to Ghozali (2016), the validity test is used to measure the validity or invalidity of a research questionnaire. In this study, data collected with questionnaire. Therefore, the questionnaire must be able to measure what the researchers wanted to measure. The validity measurement in this study was done using Smart PLS program assistance. The instrument is said to be valid if the sig. r is smaller than 0.05 ($\alpha = 0.05$).

3.5.2 Reliability Test

Reliability test is used to find out whether the questionnaire submitted has a similar construct or stability of the questionnaire if used from time to time (Suprapta and Setiawan, 2016). The questionnaire is reliable if the answers in the questionnaire are consistent and stable. To determine whether a variable is reliable or not, a statistical test is performed by looking at the Cronbach Alpha value. The criteria that can be used are as follows (Astuti et al., 2014: 32):

a. If the Cronbach Alpha value> 0.70 then the questions used to measure variables are reliable.
b. If the Cronbach Alpha value <0.70 then the questions used to measure the variable are unreliable.

Table 3.2 shows a summary of the validity and reliability of test parameters in the SEM-PLS measurement model.

Table 3.2
Validity Test Parameters and Reliability Tests in the SEM-PLS Measurement Model

Validity Test	Parameter	Rule of thumb
Convergent	*Loading Factors*	More than 0.7
	Average Variance Extracted (AVE)	More than 0.5
	Communality	
Discriminant	AVE Root and Correlation of Latent Variables\	AVE Root> Correlation of Latent Variables
	Cross Loadings	Outer Loadings> Cross Loadings in the same variable
Reliability test	*Cronbach's Alpha*	More than 0.7
	Composite Reliability	More than 0.7

Source: Sekaran & Bougie (2016)

3.6 Evaluation of Structural Model (Inner Model)

Structural models describe the causal relationship between latent variables (Abdillah & Hartono, 2015). R2 and path coefficients by comparing the statistical value of T with the table T value are used in evaluating structural models in PLS.

1. Using R2

The R-Square or R2 value is used to measure the level of variation of the independent variable changes to the dependent variable. The value of R2 describes the influence of the independent variable on the dependent variable. Therefore, the higher the value of R2 means that the better the prediction model of the proposed research

model. However, this model is not an absolute parameter in measuring the accuracy of the prediction model (Abdillah & Hartono, 2015).

2. Using T Value

T-value or path coefficients are used to indicate the level of significance in the submission of hypotheses. This study uses the one-tailed hypothesis. It is also to test the hypothesis at alpha 5% (five percent) and power 80% (eighty percent). If the value of the path coefficients indicated by the statistical value of T (T-statistics) is more than 1.64 (> 1.64), alternative hypotheses can be declared accepted (Abdillah & Hartono, 2015).

3. The Goodness of Fit (GOF)

The calculation of goodness of fit (GoF) in PLS can be done by calculating Q2 (Q-squared). Q2 is used to measure how good the conversion value generated by the model and its parameter estimates. The quantity of Q2 has a value with a range of 0 <Q2 <1, where the closer to 1, then the model studied will be better.

3.7 Pilot Test

The pilot test was conducted before starting to distribute the questionnaire in the field which aims to test the validity and reliability of the instrument used. By conducting a pilot test first, it can convince the researcher that the questionnaire items are sufficient and can be understood by the respondent. The pilot test result data were processed using the PLS statistical tool.

Ensuring that variables have been measured accurately is essential in a study. The use of appropriate instruments will produce accurate results that will improve the

quality of research. Therefore, to find out the extent to which respondents understand the statements made by researchers, researchers conducted a pre-test of the questionnaire. A pre-test is an essential step in developing a questionnaire.

Researchers distributed online questionnaires to respondents who were not this study population, namely students of Accounting in the Faculty of Economics and Business, Universitas Brawijaya who have passed the auditing and auditing laboratory course. Valid data from 30 respondents were successfully collected. The period for distributing the pre-test questionnaire was three days.

There are three criteria for using data analysis techniques using SmartPLS to assess the outer model, namely Convergent Validity, Discriminant Validity, and Composite Reliability. Convergent validity of the measurement model with a reflexive indicator is assessed based on the correlation between the item score /component score estimated by Software PLS. Individual reflexive measures are said to be high if they correlate more than 0.70 with the measured construct.

3.7.1 Convergent Validity

The test results are said to be ideal and valid if the loading factor value is above 0.7. The following shows the results of outer loading for each indicator own by each exogenous and endogenous latent variable obtained from data processing using SmartPLS:

Table 3.3
Outer Loading

	I	PS	QA	AF	WL
X1.1	0.7418				
X1.2	0.9568				
X1.3	0.8441				
X1.4	0.8504				
X2.1		0.789			
X2.2		0.8203			
X2.3		0.8575			
X2.4		0.8919			
X2.5		0.9351			
X2.6		0.804			
Y1			0.767		
Y2			0.8326		
Y3			0.8585		
Y4			0.8915		
Y5			0.9063		
Z1.1				0.8516	
Z1.2				0.9272	
Z1.3				0.8943	
Z1.4				0.8126	
Z2.1					0.8173
Z2.2					0.9032
Z2.3					0.8863

Table 3.3 illustrates the value of the loading factor (convergent validity) of each indicator. The loading factor value> 0.7 can be said to be valid. From this table, it is known that all loading factor values of the indicators of all variables are greater than 0.7. It shows that the indicators are valid.

3.7.2 Test Results of Pre-Test Discriminant Validity

Discriminant Validity aims to prove that the latent construct predicts the size of the constituent variables better than the size of the other variables. Discriminant validity from the measurement model is assessed based on the cross loading

measurement with the construct. The results of discriminant validity testing are shown as follows:

Table 3.4
Cross Loading

	I	PS	QA	AF	WL
X1.1	**0.742**	0.161	-0.002	0.201	0.021
X1.2	**0.957**	0.383	-0.166	0.168	0.160
X1.3	**0.844**	0.346	-0.011	0.175	0.174
X1.4	**0.850**	0.317	-0.089	0.160	-0.108
X2.1	0.155	**0.789**	0.057	-0.059	0.062
X2.2	0.148	**0.820**	-0.032	0.105	0.126
X2.3	0.354	**0.858**	-0.033	0.058	0.156
X2.4	0.237	**0.892**	-0.213	0.023	0.047
X2.5	0.426	**0.935**	-0.297	0.008	0.094
X2.6	0.347	**0.804**	-0.058	-0.116	0.052
Y1	-0.099	-0.327	**0.767**	0.234	0.196
Y2	-0.266	-0.254	**0.833**	0.179	0.325
Y3	-0.122	-0.142	**0.859**	0.104	0.223
Y4	-0.141	-0.253	**0.892**	0.213	0.132
Y5	0.014	-0.160	**0.906**	0.252	0.186
Z1.1	0.119	0.224	0.128	**0.852**	0.446
Z1.2	0.140	0.139	0.139	**0.927**	0.472
Z1.3	0.287	0.161	0.204	**0.894**	0.520
Z1.4	0.084	-0.258	0.269	**0.813**	0.629
Z2.1	0.087	0.031	0.176	0.508	**0.817**
Z2.2	0.193	0.080	0.180	0.696	**0.903**
Z2.3	-0.030	0.106	0.268	0.463	**0.886**

Based on the cross loading value, it can be seen that all the indicators that construct each variable in this study (the values in bold) have met discriminant validity because it has the largest outer loading value for the variables it forms and not the other variables. Thus all indicators in each variable in this study have met discriminant validity. Evaluation of the measurement model with the square root of average variance extracted where an AVE value greater than 0.5 is highly recommended.

Table 3.5
Average Variance Extracted

	AVE
AF	0.7613
I	0.7254
I * AF	0.6185
PS	0.7245
PS * WL	0.711
QA	0.7269
WL	0.7565

The AVE value for the four constructs is greater than 0.5, so it can be concluded that the evaluation measurement model has good discriminant validity.

3.7.3 Reliability Test

The test to analyze the outer model is to look at the latent variable construct reliability measured by two criteria, namely composite reliability and Cronbach's alpha from the indicator block measuring the construct. The construct is declared reliable if the composite reliability value and Cronbach's alpha value are above 0.70. Following are the results of the PLS Model Evaluation:

Table 3.6
Goodness of Fit

	Composite Reliability	Cronbach's Alpha	Communality
AF	0.9271	0.9011	0.7613
I	0.9129	0.9025	0.7254
I * AF	0.9569	0.9559	0.6185
PS	0.9402	0.9494	0.7245
PS * WL	0.2746	0.9424	0.1711
QA	0.9299	0.9051	0.7269
WL	0.9029	0.8432	0.7565

In addition to the construct validity test, the construct reliability test was also carried out as measured by the criteria test, namely composite reliability and Cronbach's alpha from the indicator block measuring the construct. A construct that is declared reliable is when the value of composite reliability and Cronbach's alpha is above 0.70. So it can be concluded that the construct has good reliability.

CHAPTER IV
RESULTS AND DISCUSSIONS

4.1 Description of the Respondents

The description of the respondents' characteristics can be known based on the results of the distribution of questionnaires. Respondents in this study are public accountants in the public accounting firms in DKI Jakarta. The researcher employed survey method by distributing questionnaires directly to the auditors in public accounting firms in DKI Jakarta through an online method. A list of public accounting firms whose auditors are their respondents in this study can be seen in Appendix 4. The researcher conducted the data collection for four weeks by distributing questionnaires research.

The distributed questionnaires are 120 questionnaires in accordance with the specified research sample. Therefore, the level of respondents' rate in this study was 100%, and questionnaires that can be processed are 120 samples. The summary of questionnaires distribution and collection research is presented in Table 4.1 below.

Table 4.1
Interpretation of the Average Respondents' Answers

Description	Questionnaire
Questionnaire distributed	120
Questionnaire returned (not Responses)	0
Questionnaire received (responses)	120
Questionnaire that are usable	120
Respon Rate	**100%**
Usable Respon Rate	**100%**

4.1.1 Characteristics of Respondents

The results of the questionnaires distributions to 120 respondents based on the characteristics, including gender, submissions per month and age, can be described as follows:

Table 4.2
Respondents Demographics

No.	Respondent Demographics	Number of Respondents	Percentage
1.	Gender		
	• Male	63	52.5%
	• Female	57	47.5%
	Total	**120**	**100%**
2.	Age		
	• 20-30	114	95%
	• 30-40	3	2.5%
	• 40-50	3	2.5%
	Total	**120**	**100%**
3.	Job Title		
	• Partner	2	1.7%
	• Manager	4	3.3%
	• Senior Auditor	26	21.7%
	• Junior Auditor	88	73.3%
	Total	**120**	**100%**
4.	Formal Education Degree		
	• Diploma/ equivalent	4	3.3%
	• S1	113	94.2%
	• S2	3	2.5%
	Total	**120**	**100%**
5	Conduct Audit for the same client in different period		
	• Yes	84	70%
	• No	36	30%
	Total	**120**	**100%**

1. Gender

It describes the involvement of the gender of the respondent who participated in this study. The number of male respondents is 63 people (52.5%), and the number of female respondents is 57 (47.5%).

2. Age

It reflects that most of the respondents in this study are auditors who have an age range of 21 – 30 years old with 114 people (95%). The same number of people with the age range of 31-40 and 41-50 years old with 3 people (2.5%) each.

Job Title

The majority of respondents have a position as junior auditors with a total of 88 people (73.3%), followed by senior auditors with a total of 26 people (21.7%), then managers with a total of 4 people (3.3%), and partners with a total of 2 people (1.7%).

Formal Education Degree

The majority of respondents in this study hold bachelor's degree with a total of 113 people (94.2%), followed by a diploma degree with four people (3.3%), and a master's degree with a total of 3 people (2.5%).

3. Conduct Audit for the Same Client in Different Time

Respondents in this study who have conducted audit for similar client at different time amounted to 84 people (70%). Those who have not conducted audit on a similar client are 36 people (30%).

4.2 Descriptive Analysis of Variables

Descriptive analysis is used to determine the distribution of respondents' answers from the results of questionnaires to 120 people. In this study, the variables are Independence, Professional Skepticism, Audit Fee, Workload and Audit Quality. Based on the questionnaire given to 120 respondents, to figure out the majority of respondent's answers on each item, the Sturges formula can be made as follows:

Table 4.3
Description Statistics of Respondents' Answers

Variable	Minimum	Maximum	Mean	Standard Deviation
Independence	1	5	4.00	1.11
Professional Skepticism	1	5	3.85	1.06
Audit Fee	1	5	3.99	0.97
Workload	1	5	1.92	0.93
Audit Quality	1	5	4.40	0.82

Source: Appendix 5

Based on the table above the description of each variable can be described as follows:

a. Independence (I) Variable Frequency Distribution

In the Independence variable there are four question items. The answers of the respondents studied were diverse. Based on Table 4.3 above, it can be seen that from 120 respondents, the researcher obtained an assessment of the variable of the Independence with a mean value of 4.0 and a standard deviation (Stdev) of 1.11. These results indicate that the mean is greater than the standard deviation, indicating that the results are quite good. These results indicate that the Independence variable has an

excellent rating category because the standard deviation is a reflection of very high deviations, so that the spread of data shows normal results and does not cause bias. It shows that respondents tend to have more attention to Independence with good judgment.

b. Professional Skepticism (PS) Variable Frequency Distribution

In the Professional Skepticism variable there are six question items. The answers of the respondents studied were diverse. Based Table 4.3 above, it can be seen that from 120 respondents, the researcher obtained an assessment of the variable Professional Skepticism variable has a mean value of 3.85 and a standard deviation (Stdev) of 1.06. These results indicate that the mean is greater than the standard deviation, indicating that the results are quite good. These results also indicate that the Professional Skepticism variable has an excellent rating category because the standard deviation is a reflection of very high deviations, so that the spread of data shows normal results and does not cause bias. It shows that respondents tend to have more attention to Professional Skepticism with good judgment.

c. Audit Fee (AF) Variable Frequency Distribution

In the Audit Fee variable there are four question items. The answers of the respondents studied were diverse. Based Table 4.3 above, it can be seen that from 120 respondents, the researcher obtained an assessment variable Audit Fee with a mean value of 3.99 and a standard deviation (Stdev) of 0.97. These results indicate that the mean is greater than the standard deviation, indicating that the results are quite good.

These results also indicate that the Audit Fee variable has an excellent rating category because the standard deviation is a reflection of very high deviations, so that the spread of data shows normal results and does not cause bias. It shows that respondents tend to have more attention to the Audit Fee with good judgment.

d. Workload (W) Variable Frequency Distribution

In the Workload variable there are three question items. Overall the answers of the respondents studied were diverse. Based on Table 4.3 above, it can be seen that from 120 respondents, the researcher obtained an assessment of the variable Workload has a mean value of 1.92 with a standard deviation (Stdev) of 0.93. These results indicate that the mean is greater than the standard deviation, thus indicating that the results are quite good. These results also indicate that the Workload variable has an excellent rating category because the standard deviation is a reflection of very high deviations, so that the spread of data shows normal results and does not cause bias. This shows that respondents tend to have more attention to Workload with good judgment.

e. Audit Quality (QA) Variable Frequency Distribution

In the Audit Quality variable there are five question items. Overall the answers of the respondents studied were diverse. Based Table 4.3 above, it can be seen that from 120 respondents, the researcher obtained an assessment of the variable Audit Quality with a mean value of 4.40 and a standard deviation (Stdev) of 0.82. These results indicate that the mean is greater than the standard deviation, indicating that the results are quite good. These results also indicate that the Audit Quality variable has an

excellent rating category because the standard deviation is a reflection of very high deviations, so that the spread of data shows normal results and does not cause bias. It shows that respondents tend to have more attention to Audit Quality with good judgment.

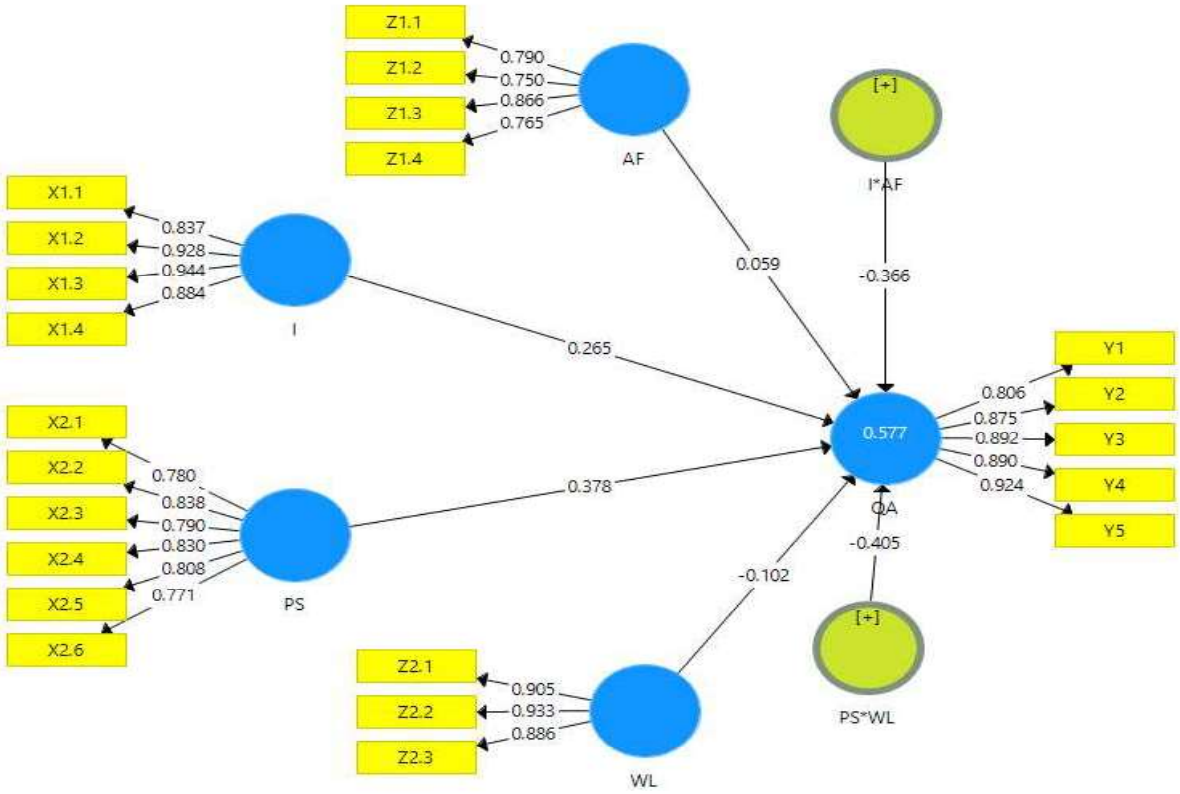
4.3. Analysis of Partial Least Square (PLS)

Data processing techniques in this study was SEM Method based on Partial Least Square (PLS). The SMARTPLS version 3.0 M3 was used. The two stages in PLS are: (1) evaluating the outer model or measurement model and (2) evaluating the inner model or structural model. The measurement model consists of observable indicators. The structural model consists of latent constructs that cannot be observed. This test also estimated path coefficients that identify the strength of the relationship between the independent variable and the dependent variable. The measurement model consists of relations between items of variables that can be observed and latent constructs measure by those items.

4.3.1. Evaluation of Measurement Models (*Outer Model*)

The three criteria of data analysis techniques with SmartPLS to assess the outer model are Convergent Validity, Discriminant Validity and Composite Reliability. Convergent Validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score/component score estimated by PLS software. The individual reflexive measure high if it correlates more than 0.70 with the measured construct.

Figure 4.1
Structural Model (Outer Model)



4.3.1.1 Convergent Validity

Convergent validity aims to determine the validity of each relationship between the indicator and its latent variable. The loading factor value above 0.7 is said to be ideal and valid. However, the loading factor value above 0.5 also still acceptable as long as the value is not below 0.5. Following are the results of outer loading for each indicator owned by each exogenous and endogenous latent variable in the two research models obtained from data processing using SmartPLS :

Table 4.4
Outer Loading

	I	PS	QA	AF	WL
X1.1	0.837				
X1.2	0.928				
X1.3	0.944				
X1.4	0.884				
X2.1		0.780			
X2.2		0.838			
X2.3		0.791			
X2.4		0.830			
X2.5		0.808			
X2.6		0.771			
Y1			0.806		
Y2			0.875		
Y3			0.892		
Y4			0.890		
Y5			0.925		
Z1.1				0.790	
Z1.2				0.750	
Z1.3				0.866	
Z1.4				0.765	
Z2.1					0.905
Z2.2					0.933
Z2.3					0.886

Source: Appendix 6

Table 4.4 illustrates the value of the loading factor (convergent validity) of each indicator. The loading factor value> 0.7 can be said to be valid, but the rule of thumb interpreting the loading factor value> 0.5 can be said to be valid. From this table, it is known that all the loading factor values of the variables used in the study are greater than 0.7. It shows that the indicators are valid.

4.3.1.2. Discriminant Validity

Discriminant validity test can be measured by looking at the cross loading value, the square root of variance extracted (AVE) value and composite reliability. Discriminant validity of the measurement model is assessed based on the measurement of cross-loading with the construct. An indicator has met the discriminant validity test if the loading value of the indicator to the construct being measured is greater than the loading value of the indicator to other constructs. The model has good discriminant validity if each loading value from each indicator of a latent variable has the highest loading value with another loading value of another latent variable. Discriminant validity test results are obtained as follows :

Table 4.5
Cross Loading

	I	PS	QA	AF	WL
X1.1	**0.837**	0.638	0.508	0.427	-0.477
X1.2	**0.928**	0.683	0.505	0.419	-0.552
X1.3	**0.944**	0.673	0.522	0.437	-0.524
X1.4	**0.884**	0.664	0.591	0.423	-0.468
X2.1	0.637	**0.780**	0.590	0.507	-0.546
X2.2	0.646	**0.838**	0.509	0.472	-0.450
X2.3	0.583	**0.791**	0.597	0.536	-0.436
X2.4	0.580	**0.830**	0.476	0.473	-0.405
X2.5	0.579	**0.808**	0.527	0.467	-0.448
X2.6	0.523	**0.771**	0.440	0.280	-0.432
Y1	0.478	0.520	**0.806**	0.381	-0.331
Y2	0.523	0.541	**0.875**	0.386	-0.345
Y3	0.570	0.667	**0.892**	0.385	-0.405
Y4	0.485	0.535	**0.890**	0.450	-0.345
Y5	0.550	0.624	**0.925**	0.467	-0.439
Z1.1	0.372	0.428	0.352	**0.790**	-0.380
Z1.2	0.423	0.503	0.415	**0.750**	-0.461
Z1.3	0.374	0.487	0.403	**0.866**	-0.420
Z1.4	0.325	0.397	0.307	**0.765**	-0.467
Z2.1	-0.540	-0.507	-0.389	-0.480	**0.905**
Z2.2	-0.512	-0.542	-0.405	-0.548	**0.933**
Z2.3	-0.477	-0.498	-0.368	-0.449	**0.886**

Source : Appendix 6

Based on the cross-loading value Table 4.5 above, it can be seen that all indicators that make up each variable in this study (the value in bold) have met discriminant validity because it has the most significant outer loading value for the variable it forms and not the other variables. Thus all indicators in each variable in this study have met discriminant validity.

4.3.1.3. Reliability of Data

Evaluation of measurement models with the square root of variance Performance Expectancy variance extracted is comparing the value of AVE roots with correlations

between constructs. If the AVE root value is higher than the correlation value between constructs, good discriminant validity is achieved. Also, AVE values greater than 0.5 are highly recommended.

The next test to analyze the outer model is to look at the construct reliability of latent variables measured by two criteria, namely composite reliability and Cronbach's alpha of the indicator block that measures the construct. The construct is declared to be reliable if the composite reliability value and the Cronbach's alpha value are above 0.70. Here are the results of the composite reliability and Cronbach's alpha output:

Table 4.6
Goodness of Fit

	Cronbach's Alpha	rho_A	Composite Reliability	AVE
I	0.920	0.924	0.944	0.808
PS	0.890	0.894	0.916	0.645
AF	0.805	0.812	0.872	0.631
WL	0.894	0.896	0.934	0.825
I*AF	0.964	1.000	0.967	0.654
PS*WL	0.979	1.000	0.979	0.726
QA	0.925	0.928	0.944	0.771

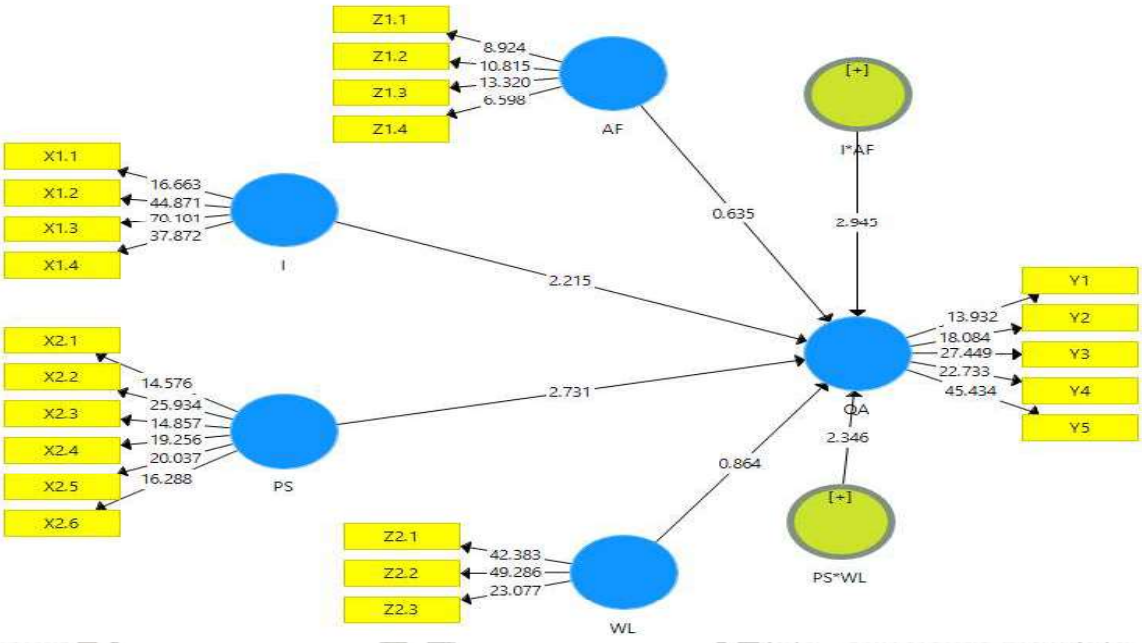
Source: Appendix 6

Besides the construct validity test, a construct reliability test is also measured by the criteria test of composite reliability and Cronbach's alpha of the indicator block measuring the construct. The construct is declared reliable if the composite reliability and Cronbach alpha values are above 0.70. So it can be concluded that the construct has excellent reliability. Besides the AVE value of each study variable also has a value above 0.5.

4.3.2. Evaluation of Structural Model (*Inner Model)*

The inner model test or structural model is carried out to see the relationship between the constructs of significance value and the R-square of the research model. The structural model was evaluated using the R-square for the dependent construct of the t-test and the significance of the coefficient of structural path parameters.

Figure 4.2
Model Structural (*Inner Model*)



4.3.2.1. Coefficient of Determination *R-Square* (R^2)

Testing structural models is done by looking at the R-square value which is a *goodness-fit* test of the model. The results of the R-square analysis in this study are as follow:

Table 4.7
R-Square Value

Variable	R Square
QA	0.5769

In principle, this study used the dependent variable influenced by other variables, namely the Audit Quality (QA) variable. QA is influenced by Independence, Professional Skepticism, Independence * Audit Fee, Professional Skepticism * Workload variables.

Table 4.6 shows the R-square Quality Audit value of 0.5769, which means that the Audit Quality is influenced by the variable of Independence, Professional Skepticism, Independence * Audit Fee, Professional Skepticism * Workload, amounting to 57.69%. At the same time, the remaining 42.31% is influenced by other variables beyond the one under this study.

4.3.2.2. Coefficient of Determination *R-Square* (R^2)

Goodness of Fit Model was measured using R-square dependent latent variables with the same interpretation as regression; Q-Square predictive relevance for structural models, measure how well the conservation value generated by the model and also the estimated parameters (Jaya & Sumertajaya, 2008). The Q2 has a value in the range 0 <Q2 <1, where the closer to 1 means the better the model. This quantity of Q2 is equivalent to the coefficient of total determination in path analysis.

Based on Table 4.15, the calculation of predictive relevance is as follows.

$Q^2 = 1 - (1 - R_1^2)$

$Q^2 = 1 - (1 - 0.5769)$

$= 0.5769$

Notes :

Q^2: *Predictive Relevance*

R_1^2: *R-Square* variable of Behavior Intention to use

R_1^2: *R-Square* variable of m-banking Use Behavior

From the calculation results, it is known that the Q2 value is 0.5769, which means that the amount of diversity of data from research that can be explained by the structural model designed is 57.69%, while other factors outside the model explain the remaining 42.31%. Based on these outcomes, it can be said that the structural model in this study is sufficiently useful because it is closer to the value of 1.

4.3.3. Hypotheses Testing

The significance of the estimated parameters provides beneficial information about the relationship between the research variables. In PLS statistical testing, every hypothesized relationship is done using simulations. In this case, the bootstrap method is performed on the sample. Bootstrapping testing is also intended to minimize the problem of research data abnormalities. The bootstrapping test results from the PLS analysis are as follows :

Table 4.8
Path Coefficient

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (|O/STERR|)	p-value
AF -> QA	0.059	0.090	0.649	0.258
I -> QA	0.265	0.119	2.221	0.013
I * AF -> QA	-0.366	0.113	3.232	0.001
PS -> QA	0.378	0.143	2.635	0.004
PS * WL -> QA	-0.405	0.161	2.514	0.006
WL -> QA	-0.102	0.114	0.896	0.185

Source: appendix 7

The structural equation obtained is:

QA = 0,265 I+ 0,378 PS – 0,366 I*AF-0,405 PS*WL

The significance of the estimated parameters provides beneficial information about the relationship between the research variables. The basis used in testing hypotheses is the value contained in the resulting output for inner models. Hypothesis testing can be done by comparing t-statistics with t-tables. t-tables can be obtained from the result of 120 respondents which ultimately obtained t-tables of 1.64. Table 4.16 provides the estimated output for structural testing models.

a. Independence

H1: Independence has a positive influence on Audit Quality.

The effect of the Independence variable on Audit Quality obtained a path coefficient of 0.265 and t statistic of 2.221. This value is greater than t table (1.64) or p <0.05. The results above show that H0 is rejected, so that Independence has a direct and significant effect on Audit Quality.

b. Professional Skepticism

H2: Professional Skepticism has a positive influence on Audit Quality

The influence of the variable Professional Skepticism on Audit Quality obtained a path coefficient of 0.378 and t statistic of 2.635. This value is greater than t table (1.64) or p <0.05. The results above, show that H0 is rejected so that Professional Skepticism has a direct and significant effect on Audit Quality. It means that the second hypothesis is accepted.

c. Variable Moderation Testing

The moderating results of the research variables show that the significant influence is as follows:

a. Testing the workload hypothesis was carried out using two path analysis models. In the first model, the researcher examines whether the audit fee has a relationship with audit quality. The results show that the audit fee has no relationship to audit quality, this can be seen at the significance level of the workload variable which is higher than the required significant level, which is 0.05. Then, for the interaction between Independence and Audit Fee that influemces Audit Quality. It can be seen through the path coefficient of -0.366 and t statistics of 3.232. This value is higher than t table (1.64) or $p < 0.05$. The results above show that H0 is rejected, so the interaction between Independence and Audit Fee has a direct and significant influence on Audit Quality. So that the Audit Fee can moderate the relationship between Independence and Audit Quality. Based on the moderating concept described by Sugiono (2004), it can be concluded that the workload variable is a type of pure moderation, workload have a significant influence in moderating the relationship between professional skepticism and audit quality.

b. Testing the workload hypothesis was carried out using two path analysis models. In the second model, the researcher examines whether the workload has a relationship with audit quality. The results show that the workload has no

relationship to audit quality, this can be seen at the significance level of the workload variable which is higher than the required significant level, which is 0.05. Then, for the interaction between Professional Skepticism and Workload that influences Audit Quality can be seen through the path coefficient of -0.405 and t statistics of 2.514. This value is higher than t table (1.64) or $p < 0.05$. The results above show that H0 is rejected, so the interaction between Professional Skepticism and Workload has a direct and significant influence on Audit Quality. So that the Audit Fee can moderate the relationship between Independence and Audit Quality. Based on the moderating concept described by Sugiono (2004), it can be concluded that the workload variable is a type of pure moderation, workload have a significant influence in moderating the relationship between professional skepticism and audit quality.

4.4 Discussion of Research Results

4.4.1 Effect of Independence on Audit Quality

The outcomes of the analysis show that Independence has a positive and significant influence on Audit Quality. This result illustrates that the increase in the independence of the auditor will be followed by the high-quality audit. Singgih and Bawono (2010) show that independence is the dominant variable affecting audit quality. Saputra (2012) and Sari (2012) also found similar evidence regarding the existence of a positive and significant effect of independence on audit quality.

The similarity of the results in this study was caused by the variables in this study, which is the independence as seen from the pressure from clients, length of the

relationship of the audit engagement with clients, and non-audit services. It is also in accordance with the theory that if the auditors are independent, they will not be influenced by any other parties. Otherwise, if the auditor does not have independence in conducting the audit, it would be easier to get influence by the client, which will lead to a poor quality audit.

4.4.2 Effect of Professional Skepticism on Audit Quality

The outcomes of the analysis show that professional skepticism has a positive and significant influence on Audit Quality. It illustrates that the increase in professional skepticism of the auditor will be followed by the high-quality audit. Research by Saputra (2018) shows that independence is the dominant variable affecting audit quality. Jaya (2016) also found similar evidence regarding a positive and significant effect of independence on audit quality.

Professional skepticism has a positive effect on audit quality. It is in line with Triarini & Latrini (2016) which found that the professional skepticism of auditors has a positive effect on audit quality. The more skeptical an auditor is, the better the quality of the audit he performs. The auditors' inability to detect fraud and errors in financial reports is a reflection of the auditor's lack of professional skepticism. Professional skepticism is an attitude of questioning and critically evaluating audit evidence. Professional skepticism is an attitude that includes a questioning mind, alert to conditions and circumstances that indicate the possibility of material misstatement caused by errors or fraud, and assessing evidence audit critically.

4.4.3 Effect of Audit Fee in moderating Independence on Audit Quality

The outcomes of the analysis show that audit fee weakens the effect of independence on audit quality. The higher the audit fee, the lower the quality of the audit. The audit fee in this study is based on the instrument of the risk of assignment , client's requirements, level of expertise, complexity of the services provided by the auditors by Dewi (2016). Based on the results of data processing from the questionnaire, respondents agree with the amount of audit fee will affect them in reporting the clients errors. Auditors who receive large audit fees tend to depend on clients, so they are reluctant to oppose the client. Previous studies conducted by Sundgren (2010) also support these data outcomes, showing that audit fee dependency has a negative effect on audit quality.

Based on the above discussion, it can be concluded that audit fees moderate the effect of independence on audit quality. It indicates a low attitude of auditor's independence when the auditor receives a high audit fee. The low attitude of auditor's independence is a threat, which will cause the public accounting firms to collapse. This condition occurred because of the competition between public accounting firms, in which the largest revenue of the public accounting firm is from the audit fees in providing their services to their client.

The results of this study are consistent with Alim, et al (2007). They proved that independence has an effect on audit quality with audit fees being one of the factors to measure independence.

4.4.4 Effect of Workload in moderating Professional Skepticism on Audit

The outcomes of the analysis show that workload weakens the effect of professional skepticism on audit quality. This result illustrates that the increase in the workload of the auditor will reduce the professional skepticism and audit quality. The workload in this study is based on the instrument of number of clients handled, auditor working hours, decreased ability of auditors to find misstatements according totime needs and physical and mental needs according to Presellin, Schmidt and Wilkins (2015). Based on the results of data processing from the questionnaire, respondents agree that it may be difficult to report material misstatement that occur in the financial statements, if the auditor has to audit many companies at one time and auditor also find a difficulting to perform their audit if there are a high workload pressure. This is in accordance with the opinion stated by Fitriany (2011) that the workload is caused by an imbalance between the number of clients and the time available in conducting the audit process, then a high workload will lead to dysfunctional audit behavior which will reduce the auditor's ability to find errors in auditing process.

Based on the above discussion, it can be concluded that the auditor with a high workload pressure will reduce their professional skepticism and result in poor audit quality. Because auditors are required to be able to find misstatements from the client's financial statements with a set of audit procedures, they need a proper set of time planning to perform their audit procedures. The high workload will make it difficult for the auditor to find more information about audit evidence due to lack of time.

The results of this study are consistent with Setiawan and Fitriany (2011). They found evidence that the workload faced by auditors can reduce audit quality. The same results were also found in Lopez (2005) in Setiawan and Fitriany (2011), which found that the audit process carried out when there was a workload would result in lower audit quality compared to when there was no workload pressure. Multiple audit assignments will create workloads for auditors. In addition, Hansen et al. (2007) in Isaac et al. (2015) stated that the possible consequence of the workload is a decrease in the resulting audit quality. This study proves that the higher the workload of auditors, the less professional skepticism and audit quality will be.

CHAPTER V
CONCLUSIONS AND SUGGESTIONS

5.1 Results

This study was conducted on 120 auditors who work in 16 public accounting firms in DKI Jakarta Province in the Directory of *Institut Akuntan Publik Indonesia* (*IAPI*) 2020. This study was conducted to examine the influence of auditor's independence, professional skepticism, audit fee, and workload on audit quality.

Based on the problems that have been formulated, the results from the data analysis can be drawn to increase the audit quality. This study provided evidence on the factors that will influence audit quality. The findings show that independence, professional skepticism, audit fee, and workload play significant roles in influencing audit quality. Those variables have a significant effect on audit quality.

The results of this study prove that independence is a determining factor for audit quality. Auditors who have minimum audit tenure with clients, low pressure from clients, good collaboration with audit team member and low levels of non-audit services, will make auditors more boldly work by reporting findings of misstatements in the client's financial statements. This reflects good audit quality with good procedures.

In addition, auditors' professional skepticism is also a determining factor for audit quality because auditors who have an attitude of questioning mind, confident and always collect evidence in their decision making. The attitude of the auditor above will provide the results of an audit of financial statements with caution in finding

misstatement in the financial statements of clients. This reflects good audit quality with prudence in auditing.

Moreover, the moderating variables of audit fee and workload significantly moderate the independence variable to the audit quality. It means that the higher the audit fee, the lower independence, and the lower quality of the audit. Workload is also able to significantly moderate professional skepticism to the audit quality. It means that higher workload will reduce the professional skepticism and the quality audit.

Independent variables, which are independence, professional skepticism, audit fee, and workload in this study influence the dependent variable, namely audit quality by 57.69%, based on the R2 value. At the same time, the remaining 42.31% of the audit quality variable will be influenced by other variables not discussed in this study.

5.2 Limitation

The researcher realized that this study has its limitations that drive future study opportunities. The first limitation for this research is the majority of the respondent are junior and senior auditors, where the respondents for audit partner is very minimal, thus allowing limitations in providing representative result for audit fee. Where the determination of the audit fee is determined by the audit partner. Furthermore, the research could not present enough perspective from the high level job position of auditor (partner) in public accounting firm in DKI Jakarta.

Another limitations come from the research situation where the pandemic situation appeared, which required researchers to distribute questionnaires online and the distribution are conducted at ineffective times, namely during peak season when the

auditors are quite busy. Researchers often experienced rejection from respondents, and it took a long time for respondents to respond to the questionnaires.

5.3 Recommendations

Based on the above conclusions, some recommendations can be put forward which are expected to benefit the company and future study. On the basis of the above limitations, the researcher gives recommendations to further researchers to add other or new variables for further research in order to expand research related to independence, professional skepticism and audit quality as was done in this study. If possible, further researchers are expected not only to collect data by questionnaire but also to interview so that the results obtained are more detailed, not limited to questions in the questionnaire. This is expected to get a good view of the moderating variables. Furthermore, further researcher are also expected to spread questionnaire equally for all job position in order to get a good representative result for the audit fee.

In addition, further researchers are expected to avoid conducting research during peak season so that the distribution of the questionnaires will be more effective. Moreover, the determination of the situation and environment before doing research is vital. The researcher recommends future researchers conduct a survey or looking at the news before researching to ensure whether the situation and environment in which the research is conducted is safe. Because as experienced by the researcher whose research area is affected by a pandemic, it will be very detrimental for researchers because it will delay the research for a long time.

In order to achieve a good quality audit, auditors should maintain their independence, and professional skepticism in conducting audit. In order to do that, they have to obey the standard audit set by the regulator and avoid factors which could affect their independence and professional skepticism. Auditors should have to cling firmly in Code of Ethics of Public Accountants. Moreover, the public accounting firms could manage their auditor's independence through managing rotation in giving audit assignments and do not provide audit service for the same client later than 3 consecutive years (for public accountant) and 6 consecutive years (for public accounting firms according to Regulation of the Minister of Finance no 17/PMK.01/2008). As audit fee could harm their independence, adjustment of audit fee by the public accounting firm's partner during the audit fee negotiation process is quite important. Therefore, it is necessary to determine an audit fee that is in accordance with the level of the auditor's work, assignment and audit standards that will not threaten the independence of the auditor.

Then in maintaining professional skepticism, auditors should always have an attitude and mind that always questions and evaluates critically the audit evidence in conducting audits. Adequacy in timing is very important in performing a professional skepticism, then the high workload pressure could be minimize through careful time planning by carry out an effective, efficient and completed audit process on time.

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APPENDIX

Appendix 1

List of Suspension and Ban of Public Accountant License

As of June 4, 2020

No	Public Accounting Firm	Kep Menkeu Number	Verdict	Time Period	Date of Kep Menkeu Repeal	Region
1	Asmar Effendy Hasibuan	762/KM.1/2019	License Suspension	6 Months	16/12/2019	Bekasi
2	Didik Wahyudiyanto	437/KM.1/2019	License Suspension	6 Months	12/08/2019	Jakarta
3	Hari Purnomo	788/KM.1/2019	License Suspension	12 Months	23/12/2019	Malang
4	Saptoto Agustomo	605/KM.1/2019	License Suspension	12 Months	24/12/2019	Jakarta
5	M. Lian Dalimunthe	579/KM.1/2019	License Suspension	12 Months	14/10/2019	Medan and Jakarta
6	Binsar HB Gultom	388/KM.1/2019	License Suspension	12 Months	23/07/2019	Jakarta
7	Kasner Sirumpea	312/KM.1/2019	License Suspension	12 Months	27/06/2019	Jakarta
8	Purboyo Adhi Purnomo	234/KM.1/2019	License Suspension	13 Months	29/04/2019	Jakarta
9	A. Krisnawan Budipracoyo	338/KM.1/2018	License Suspension	24 Months	16/05/2019	Jakarta

Appendix 2

LAMPIRAN 2

KUESIONER PENELITIAN

PERTANYAAN KUESIONER

Bapak/ Ibu/ Saudara Responden yang saya hormati,

Sehubungan dengan penyelesaian tugas akhir mahasiswa program Strata Satu (S1) Akuntansi Universitas Brawijaya Malang saya bermaksud melakukan penelitian mengenai "Kualitas Audit". Sebelumnya saya mohon maaf telah mengganggu waktu Bapak/Ibu, saya sangat berharap kesediaan Bapak/ Ibu untuk menjadi responden dengan memberikan tanggapan yang sesuai atas pertanyaan pertanyaan dibawah ini dengan memilih skor yang tersedia dengan cara memberi tanda centang (√) pada skor yang sesuai. Jika menurut Bapak/Ibu tidak ada jawaban yang tepat, maka jawaban dapat diberikan pada pilihan jawaban yang mendekati. Skor jawaban adalah sebagai berikut:

Skor 1: Tidak Setuju Sangat (TSS)

Skor 2: Tidak Setuju (TS)

Skor 3: Netral (N)

Skor 4: Setuju (S)

Skor 5: Setuju Sangat (SS)

Terimakasih atas partisipasi Bapak/Ibu.

DAFTAR KUISIONER

Pengaruh Independensi, Skeptisisme Profesional terhadap Kualitas Audit yang dimoderasi oleh Fee Audit dan Workload

Studi Empiris di Kantor Akuntan Publik di DKI Jakarta

I. Identitas Responden :

1. Nama Kantor Akuntan Publik:

   _____

2. Jenis Kelamin:

   ☐ Laki – Laki ☐ Perempuan

3. Umur: _____

4. Jabatan Bapak/Ibu pada Kantor Akuntan Publik :

   a. Partner
   b. Manager
   c. Assistant Manager
   d. Senior Auditor
   e. Junior Auditor

5. Pendidikan Formal Terakhir:

   _____

6. Apakah Bapak/Ibu pernah melakukan audit terhadap klien yang sama dan objek pemeriksaan yang sama, tetapi pada tahun berbeda?

   ☐ Pernah ☐ Tidak Pernah

7. Jika pernah, berapa tahun Bapak/Ibu melakukan audit terhadap klien yang sama?

   a. 2 tahun
   b. 3 tahun
   c. 4 tahun
   d. 5 tahun

II. Daftar Pertanyaan

Petunjuk: Pilihlah salah satu jawaban sesuai dengan pendapat/ anggapan Saudara dengan memberi tanda "√" pada jawaban yang disediakan

Keterangan:

SS: Setuju Sangat
S: Setuju
R: Ragu-Ragu
TS: Tidak Setuju
TSS: Tidak Setuju Sangat

1. Independensi Auditor

No.	Pertanyaan	TSS	TS	R	S	SS
1.	Saya berupaya tetap bersifat independen dalam melakukan audit walaupun telah lama menjalin hubungan perikatan audit dengan klien.					
2.	Saya tidak berani melaporkan kesalahan klien karena klien dapat mengganti posisi saya dengan auditor lain.					
3.	Saya tidak membutuhkan telaah dari rekan auditor untuk menilai prosedur audit saya karena kurang dirasa manfaatnya					
4.	Jasa non audit yang diberikan pada klien dapat merusak independensi auditor.					

2. Skeptisme Profesional Auditor

No.	Pernyataan	TSS	TS	R	S	SS
5.	Saya tidak mudah percaya dengan apa yang diberikan oleh klien.					
6.	Untuk memenuhi batas waktu, saya bergegas mengambil keputusan meskipun data belum mencukupi.					
7.	Saya perlu menggali informasi lebih mendalam untuk memperkuat temuan audit saya.					
8.	Saya percaya pada informasi dari klien karena sudah lama mengenal perilaku dan sifatnya.					

9.	Saya merasa kemampuan audit saya masih belum memadai untuk menghadapi dan menantang asumsi klien terhadap laporan keuangannya.					
10.	Saya tidak mudah menerima usulan dari orang lain dalam mengambil suatu keputusan.					

3. Audit Fee

No.	Pertanyaan	TSS	TS	R	S	SS
11.	Semakin besar risiko penugasan yang saya hadapi, maka semakin tinggi fee yang saya peroleh.					
12.	Besarnya fee yang saya terima akan mempengaruhi saya dalam melaporkan kesalahan klien					
13.	Biasanya fee yang saya dapatkan sesuai dengan tingkat keahlian yang saya gunakan dalam mengaudit					
14.	Sebagai auditor, semakin bervariasi/kompleks jenis usaha klien maka saya menawarkan fee yang lebih tinggi.					

4. Beban Kerja Auditor (*Workload)*

No.	Pertanyaan	TSS	TS	R	S	SS
15.	Saya mengalami kesulitan dalam melaporkan penyimpangan yang ada dalam laporan keuangan apabila saya harus mengaudit lebih dari lima perusahaan pada *peak season.*					
16.	Tingginya beban kerja dan terbatasanya waktu yang tersedia dalam melaksanakan audit membuat hasil audit saya tidak maksimal.					
17.	Kemampuan saya untuk menemukan temuan audit akan menurun, bila mana beban kerja yang saya tanggung terlalu banyak.					

5. Kualitas Audit

No.	Pertanyaan	TSS	TS	R	S	SS
18.	Saya harus menguji dan melaporkan temuan audit atas pernyataan klien selama pekerjaan lapangan sesuai dengan SAK dan SPAP.					
19.	Untuk melakukan audit saya perlu memahami jenis industry dan kondisi perusahaan klien.					
20.	Saya mempunyai komitmen yang kuat untuk menyelesaikan audit dalam waktu yang tepat.					
21.	Saya menjadikan Standar Akuntansi Keuangan (SAK) dan Standar Profesional Akuntan Publik (SPAP) sebagai pedoman dalam melaksanakan pekerjaan laporan audit.					
22.	Setiap keputusan audit yang saya ambil berdasarkan temuan audit selama pekerjaan lapangan serta berpedoman pada SAK dan SPAP					

QUESTIONARY LIST

THE STUDY OF INDEPENDENCE AND PROFESSIONAL SKEPTICISM EFFECT TO AUDIT QUALITY WHICH MODERATED BY WORKLOAD AND AUDIT FEE

Study in Public Accounting Firms in DKI Jakarta

I. Respondent Identity :

1. Name of Public Accounting Firm

   _____

2. Gender:

   ☐ Male ☐ Female

3. Ages: _____

4. The position in Public Accounting Firms :

   a. Partner
   b. Manager
   c. Assistant Manager
   d. Senior Auditor
   e. Junior Auditor

5. Last Formal Education:

   _____

6. Have you ever done an audit of the same client and the same object of inspection, but in different years?

   ☐ Yes ☐ No

7. If so, how many years have you conducted an audit of the same client?

   a. 2 years
   b. 3 years
   c. 4 years
   d. 5 years

II.A list of questions

Directions: Choose one of the answers according to your opinion / response by putting a "√" in the answer provided

Information:

SA: Strongly Agree

A: Agree

H: Hesitating

D: Disagree

SD: Strongly Disagree

1. Independence

No.	Question	SD	D	H	A	SA
1.	I try to remain independent in conducting audits even though I have been auditing the client for several times.					
2.	I do not dare to report client findings because clients can replace my position with another auditor.					
3.	I do not need a review from fellow auditors to assess my audit procedures because it not necessary for me.					
4.	Non-audit services provided to clientscan threat the auditor's independence.					

2. Professional Skepticism

No.	Question	SD	D	H	A	SA
5.	I do not easily believe what the client provides.					
6.	To meet the deadline, I rushed to make a decision even though there was insufficient data					
7.	I need to find deeper information to strengthen my audit findings					
8.	I believe in information from clients because I have known their behavior and nature					

9.	I feel that my audit capabilities are still inadequate to confront and challenge client assumptions upon their financial statements.					
10.	I am not easy to accept suggestions from others in making a decision					

3. Audit Fee

No.	Question	SD	D	H	A	SA
11.	The greater the risk of the assignment I face, the higher the fee I will get.					
12.	The amount of fee that I received will affect me in reporting the client errors.					
13.	The audit fee that I receive is based on my level of expertise that is require in conducting the audit					
14.	As an auditor, the more varied / complex the type of business, so my client is offering me a higher fee.					

4. Workload

No.	Question	SD	D	H	A	SA
15.	I find a difficulty in reporting misstatements in the financial statements if I have to audit more than five companies during peak season.					
16.	The high workload and the limited time available while conducting the audit could make my audit quality poor.					
17.	I will loss my performance to crosscheck the audit finding, if there is a high workload.					

5. Audit Quality

No.	Question	SD	D	H	A	SA
18.	I have to test and report audit findings on client statements during fieldwork in accordance with SAK and SPAP.					
19.	In conducting the audit, I need to understand the type of industry and the conditions of the client company.					

20.	I have a strong commitment to completing audits in a timely manner.					
21.	In conducting audit fieldwork, I am guided on to *Standar Akuntansi Keuangan* (SAK) and the *Standar Profesional Akuntan Publik* (SPAP).					
22.	Every audit decision that I make is based on audit findings during fieldwork in acccordance with SAK and SPAP					

Appendix 3

Instrument Indicators

No	Variable	Indicators	+	-	Item No
1	Independence	Audit Tenure	√		1
		Pressure from client		√	2
		Peer Review		√	3
		Non-audit services		√	4
2	Professional Skepticism	Questioning mind	√		5
		Suspension of judgment		√	6
		Search for knowledge	√		7
		Interpersonal understanding		√	8
		Self-confidence		√	9
		Autonomy	√		10
3	Audit Fee	Risk of Assignment	√		11
		Client's requirements		√	12
		Level of expertise	√		13
		Complexity of the services provided	√		14
4	Workload	Number of clients handled		√	15
		Auditor working hours		√	16
		Decreased ability of auditors to find misstatements.		√	17
5	Audit Quality	Report all client misstatements	√		18
		Understanding the client information systems	√		19
		Strong commitment in carrying out audit	√		20
		Suitability with audit standard and accounting standard during inspection	√		21
		Careful attitude in decision making	√		22

Appendix 4

Recapitulation of the Distribution of Research Questionnaires

No	Name of KAP	Total Questionnaires Distributed	Total Questionnaires Returned
Online Questionnaires			
1	Amir Abadi Jusuf, Aryanto, Mawar & Rekan - RSM Indonesia	9	9
2	Aria Kanaka & Rekan - Mazars	4	4
3	Bustaman, Ezeddin & Putranto	3	3
4	Gani Sigiro Handayani - Grant Thornton Indonesia	3	3
5	Heliantono & Rekan	3	3
6	HLB Hadori Sugiarto Adi dan Rekan	4	4
7	Imelda dan Rekan - Deloitte Indonesia	27	27
8	Johannes Juara dan Rekan	5	5
9	Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan – Crowe Indonesia	13	13
10	Mirawati Sensi Idris - Moore Stephens	6	6
11	PKF Hadiwinata	5	5
12	Purwantono Sungkoro dan Surja - EY Indonesia	14	14
13	Rama Wendra	2	2
14	Siddharta Widjaja & Rekan - KPMG Indonesia	10	10
15	Tanubrata, Sutanto, Fahmi, Bambang dan Rekan - BDO	4	4
16	Tanudiredja Wibisana & Rintis - PwC Indonesia	8	8
Total Questionnaires		120	

Appendix 5.

Research Data Tabulation

Respondents' Answers Frequency

Statistics

	N		Mean	Std. Deviation
	Valid	Missing		
X1.1	120	0	4.3167	1.04506
X1.2	120	0	3.9000	1.18393
X1.3	120	0	3.7917	1.15151
X1.4	120	0	3.9750	.99124
X2.1	120	0	4.0250	1.02459
X2.2	120	0	3.6833	1.13006
X2.3	120	0	4.3000	.90377
X2.4	120	0	3.7167	1.08607
X2.5	120	0	3.7000	.99241
X2.6	120	0	3.6750	1.05450
Z1.1	120	0	4.0917	.91666
Z1.2	120	0	3.6250	1.13805
Z1.3	120	0	4.0083	.90280
Z1.4	120	0	4.2333	.77496
Z2.1	120	0	4.1417	.91941
Z2.2	120	0	4.1000	.89255
Z2.3	120	0	4.0083	.96577
Y1	120	0	4.4250	.72948
Y2	120	0	4.5583	.79701
Y3	120	0	4.3333	.83347
Y4	120	0	4.3917	.86283
Y5	120	0	4.3083	.84809

Description Statistics of Respondents' Answers

Variable	Minimum	Maximum	Mean	Standard Deviation
Independence	1	5	4.00	1.11
Professional Skepticism	1	5	3.85	1.06
Audit Fee	1	5	3.99	0.97
Workload	1	5	1.92	0.93
Audit Quality	1	5	4.40	0.82

Frequency Table

X1.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	4	3.3	3.3	3.3
	2.00	5	4.2	4.2	7.5
	3.00	13	10.8	10.8	18.3
	4.00	25	20.8	20.8	39.2
	5.00	73	60.8	60.8	100.0
	Total	120	100.0	100.0	

X1.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	7	5.8	5.8	5.8
	2.00	12	10.0	10.0	15.8
	3.00	12	10.0	10.0	25.8
	4.00	44	36.7	36.7	62.5
	5.00	45	37.5	37.5	100.0
	Total	120	100.0	100.0	

X1.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	5	4.2	4.2	4.2
	2.00	19	15.8	15.8	20.0
	3.00	7	5.8	5.8	25.8
	4.00	54	45.0	45.0	70.8
	5.00	35	29.2	29.2	100.0
	Total	120	100.0	100.0	

X1.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	2.5	2.5	2.5
	2.00	8	6.7	6.7	9.2
	3.00	18	15.0	15.0	24.2
	4.00	51	42.5	42.5	66.7
	5.00	40	33.3	33.3	100.0
	Total	120	100.0	100.0	

X2.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	4	3.3	3.3	3.3
	2.00	8	6.7	6.7	10.0
	3.00	13	10.8	10.8	20.8
	4.00	51	42.5	42.5	63.3
	5.00	44	36.7	36.7	100.0
	Total	120	100.0	100.0	

X2.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	5	4.2	4.2	4.2
	2.00	17	14.2	14.2	18.3
	3.00	20	16.7	16.7	35.0
	4.00	47	39.2	39.2	74.2
	5.00	31	25.8	25.8	100.0
	Total	120	100.0	100.0	

X2.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	1.7	1.7	1.7
	2.00	6	5.0	5.0	6.7
	3.00	6	5.0	5.0	11.7
	4.00	46	38.3	38.3	50.0
	5.00	60	50.0	50.0	100.0
	Total	120	100.0	100.0	

X2.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	5	4.2	4.2	4.2
	2.00	16	13.3	13.3	17.5
	3.00	14	11.7	11.7	29.2
	4.00	58	48.3	48.3	77.5
	5.00	27	22.5	22.5	100.0
	Total	120	100.0	100.0	

X2.5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	2.5	2.5	2.5
	2.00	15	12.5	12.5	15.0
	3.00	19	15.8	15.8	30.8
	4.00	61	50.8	50.8	81.7
	5.00	22	18.3	18.3	100.0
	Total	120	100.0	100.0	

X2.6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	5	4.2	4.2	4.2
	2.00	13	10.8	10.8	15.0
	3.00	23	19.2	19.2	34.2
	4.00	54	45.0	45.0	79.2
	5.00	25	20.8	20.8	100.0
	Total	120	100.0	100.0	

Z1.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	2.5	2.5	2.5
	2.00	4	3.3	3.3	5.8
	3.00	15	12.5	12.5	18.3
	4.00	55	45.8	45.8	64.2
	5.00	43	35.8	35.8	100.0
	Total	120	100.0	100.0	

Z1.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	7	5.8	5.8	5.8
	2.00	16	13.3	13.3	19.2
	3.00	18	15.0	15.0	34.2
	4.00	53	44.2	44.2	78.3
	5.00	26	21.7	21.7	100.0
	Total	120	100.0	100.0	

Z1.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	2.5	2.5	2.5
	2.00	4	3.3	3.3	5.8
	3.00	18	15.0	15.0	20.8
	4.00	59	49.2	49.2	70.0
	5.00	36	30.0	30.0	100.0
	Total	120	100.0	100.0	

Z1.4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	1	.8	.8	.8
	2.00	2	1.7	1.7	2.5
	3.00	13	10.8	10.8	13.3
	4.00	56	46.7	46.7	60.0
	5.00	48	40.0	40.0	100.0
	Total	120	100.0	100.0	

Z2.1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	51	42.5	42.5	42.5
	2.00	43	35.8	35.8	78.3
	3.00	19	15.8	15.8	94.2
	4.00	6	5.0	5.0	99.2
	5.00	1	.8	.8	100.0
	Total	120	100.0	100.0	

Z2.2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	44	36.7	36.7	36.7
	2.00	52	43.4	43.3	80.0
	3.00	18	15.0	15.0	95.0
	4.00	4	3.3	3.3	98.3
	5.00	2	1.7	1.7	100.00
	Total	120	100.0	100.0	

Z2.3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	40	33.3	33.3	33.3
	2.00	55	45.8	45.8	79.1
	3.00	13	10.8	10.8	89.9
	4.00	10	8.3	8.3	98.3
	5.00	2	1.7	1.7	100.0
	Total	120	100.0	100.0	

Y1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	4	3.3	3.3	3.3
	3.00	5	4.2	4.2	7.5
	4.00	47	39.2	39.2	46.7
	5.00	64	53.3	53.3	100.0
	Total	120	100.0	100.0	

Y2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	1.7	1.7	1.7
	2.00	3	2.5	2.5	4.2
	3.00	2	1.7	1.7	5.8
	4.00	32	26.7	26.7	32.5
	5.00	81	67.5	67.5	100.0
	Total	120	100.0	100.0	

Y3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	1.7	1.7	1.7
	2.00	3	2.5	2.5	4.2
	3.00	7	5.8	5.8	10.0
	4.00	49	40.8	40.8	50.8
	5.00	59	49.2	49.2	100.0
	Total	120	100.0	100.0	

Y4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	2.5	2.5	2.5
	2.00	2	1.7	1.7	4.2
	3.00	6	5.0	5.0	9.2
	4.00	43	35.8	35.8	45.0
	5.00	66	55.0	55.0	100.0
	Total	120	100.0	100.0	

Y5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	1.7	1.7	1.7
	2.00	4	3.3	3.3	5.0
	3.00	6	5.0	5.0	10.0
	4.00	51	42.5	42.5	52.5
	5.00	57	47.5	47.5	100.0
	Total	120	100.0	100.0	

Appendix 6

Outer Model

Outer Loading

	I	PS	QA	AF	WL
X1.1	0.837				
X1.2	0.928				
X1.3	0.944				
X1.4	0.884				
X2.1		0.780			
X2.2		0.838			
X2.3		0.791			
X2.4		0.830			
X2.5		0.808			
X2.6		0.771			
Y1			0.806		
Y2			0.875		
Y3			0.892		
Y4			0.890		
Y5			0.925		
Z1.1				0.790	
Z1.2				0.750	
Z1.3				0.866	
Z1.4				0.765	
Z2.1					0.905
Z2.2					0.933
Z2.3					0.886

Cross Loading

	I	PS	QA	AF	WL
X1.1	**0.837**	0.638	0.508	0.427	-0.477
X1.2	**0.928**	0.683	0.505	0.419	-0.552
X1.3	**0.944**	0.673	0.522	0.437	-0.524
X1.4	**0.884**	0.664	0.591	0.423	-0.468
X2.1	0.637	**0.780**	0.590	0.507	-0.546
X2.2	0.646	**0.838**	0.509	0.472	-0.450
X2.3	0.583	**0.791**	0.597	0.536	-0.436
X2.4	0.580	**0.830**	0.476	0.473	-0.405
X2.5	0.579	**0.808**	0.527	0.467	-0.448
X2.6	0.523	**0.771**	0.440	0.280	-0.432
Y1	0.478	0.520	**0.806**	0.381	-0.331
Y2	0.523	0.541	**0.875**	0.386	-0.345
Y3	0.570	0.667	**0.892**	0.385	-0.405
Y4	0.485	0.535	**0.890**	0.450	-0.345
Y5	0.550	0.624	**0.925**	0.467	-0.439
Z1.1	0.372	0.428	0.352	**0.790**	-0.380
Z1.2	0.423	0.503	0.415	**0.750**	-0.461
Z1.3	0.374	0.487	0.403	**0.866**	-0.420
Z1.4	0.325	0.397	0.307	**0.765**	-0.467
Z2.1	-0.540	-0.507	-0.389	-0.480	**0.905**
Z2.2	-0.512	-0.542	-0.405	-0.548	**0.933**
Z2.3	-0.477	-0.498	-0.368	-0.449	**0.886**

Model Evaluation

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
I	0.808	0.944		0.920	0.808	
PS	0.645	0.916		0.890	0.645	
AF	0.631	0.872		0.805	0.631	
WL	0.825	0.934		0.894	0.825	
I * AF	0.652	0.967		0.964	0.652	
PS * WL	0.726	0.979		0.979	0.726	
QA	0.772	0.944	0.5746	0.925	0.772	0.040

Appendix 7

Inner Model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STERR|)	p-value
X1.1 <- I	0.837	0.832	0.048	17.431	0
X1.2 <- I	0.928	0.926	0.021	44.091	0
X1.3 <- I	0.944	0.943	0.014	65.263	0
X1.4 <- I	0.884	0.885	0.024	36.308	0
X2.1 <- PS	0.78	0.777	0.055	14.116	0
X2.2 <- PS	0.838	0.836	0.032	25.831	0
X2.3 <- PS	0.79	0.786	0.051	15.608	0
X2.4 <- PS	0.83	0.826	0.045	18.62	0
X2.5 <- PS	0.808	0.802	0.042	19.283	0
X2.6 <- PS	0.771	0.769	0.046	16.62	0
Y1 <- QA	0.806	0.799	0.059	13.666	0
Y2 <- QA	0.875	0.867	0.045	19.611	0
Y3 <- QA	0.892	0.888	0.034	26.058	0
Y4 <- QA	0.89	0.883	0.04	22.331	0
Y5 <- QA	0.924	0.923	0.02	47.134	0
Z1.1 <- AF	0.79	0.774	0.077	10.323	0
Z1.2 <- AF	0.75	0.75	0.068	11.061	0
Z1.3 <- AF	0.866	0.855	0.052	16.659	0
Z1.4 <- AF	0.765	0.748	0.112	6.835	0
Z2.1 <- WL	0.905	0.904	0.021	42.192	0
Z2.2 <- WL	0.933	0.931	0.019	48.004	0
Z2.3 <- WL	0.886	0.881	0.042	21.2	0

Path Analysis Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STERR|)	p-value
AF -> QA	0.059	0.076	0.090	0.649	0.258
I -> QA	0.265	0.257	0.119	2.221	0.013
I * AF -> QA	-0.366	-0.341	0.113	3.232	0.001
PS -> QA	0.378	0.337	0.143	2.635	0.004
PS * WL -> QA	-0.405	-0.327	0.161	2.514	0.006
WL -> QA	-0.102	-0.115	0.114	0.896	0.185