AN ANALYSIS OF FACTORS AFFECTING AUDIT QUALITY

A Study on the Accounting Firm in Yogyakarta

A THESIS

Presented as Partial Fulfillment of the Requirements
to Obtain the Bachelor Degree in Accounting Department

By

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YOGYAKARTA

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DECLARATION OF AUTHENTICITY

Herein I declare the originality of this thesis, I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of this thesis. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation for its consequence.

Yogyakarta, September , 2018



Reza Nugroho

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ABSTRACT

Reza Nugroho (2018). An Analysis of Factors Affecting Audit Quality: A Study on the Accounting Firms in Yogyakarta.

The objective of this research in general is to analyze the factors affecting the audit quality of the Accounting Firms in Yogyakarta. The specific objective of this research is to analyse the influence of competency, independency, accountability, time budget pressure and due professional care on the audit quality of the accountans work at the Accounting Firms in Yogyakarta. The research is located in Daerah Istimewa Yogyakarta and conducted on September – October 2017. The population of this research were the auditor staffs who work at the Accounting Firms in Yogyakarta. There were 63 respondents as the sample of the research. This research used non-probability and convenience sampling method. Questionnaire was used as the research instrument to collect the data. The methods of data analysis in this research consisted of descriptive statistics analysis and multiple linier regression analysis. The result of the hypothesis testing showed that the competency, independency, accountability, time budget pressure and due professional care had significant influence on the audit quality of the Accounting Firms in Yogyakarta.

Keyword: *Audit Quality, Accounting Firms.*

ABSTRAK

Reza Nugroho (2018). Analisis Faktor-faktor yang Mempengaruhi Kualitas Audit: Studi Empiris pada Kantor Akuntan Publik di Yogyakarta.

Penelitian ini bertujuan secara umum untuk menganalisis faktor-faktor yang mempengaruhi kualitas audit pada Kantor Akuntan Publik di Yogyakarta. Tujuan khusus penelitian ini adalah untuk menganalisis pengaruh kompetensi, independensi, akuntabilitas, time budget pressure dan due professional care terhadap kualitas audit para akuntan yang bekerja pada Kantor Akuntan Publik di Yogyakarta. Penelitian ini berlokasi di Daerah Istimewa Yogyakarta dan dilaksanakan pada September – Oktober 2018. Populasi yang diteliti dalam penelitian ini adalah akuntan yang bekerja pada Kantor Akuntan Publik di Yogyakarta. Terdapat 63 responden yang digunakan sebagai sampel dalam penelitian ini. Teknik pengambilan sampel yang digunakan adalah teknik *non-probability* yaitu metode *convenience sampling*. Instrumen penelitian yang digunakan untuk mengumpulkan data adalah kuesioner. Teknik analisis data yang digunakan dalamn penelitian ini terdiri dari analisis statistik deskriptif dan analisis regresi linier berganda. Hasil uji hipotesis penelitian menunjukkan bahwa kompetensi, independensi, akuntabilitas, time budget pressure dan due professional care berpengaruh signifikan terhadap kualitas audit para akuntan yang bekerja pada Kantor Akuntan Publik di Yogyakarta.

Kata Kunci: *Kualitas Audit, Kantor Akuntan Publik* .

CHAPTER I

INTRODUCTION

A. Research Background

Financial report is one of the source of information used for decision making. From this report, the company's financial position can be obtained. For small or medium companies, the financial report is only used for their owner or managements. While for large and public companies which need funds from external sources, the financial report is used by other parties beside their owner or managements. According to Mulyadi and Purwadireja (2008), the parties that might have interest on the information from the financial report of a company are not limited to the company's owner but also the investors or creditors, future investors/creditors, government and other stakeholders.

Therefore, the financial report should not only contain useful information but also trusted information. According to Christiawan (2002), the more complex transactions in a company, the more complex the regulation of accounting standard that have to be followed to compose a financial report. Thus, the financial report made by the managements should be audited to ensure that its financial information fit to the accounting standard.

Tjondro (2007) stated that the criterion of a financial report that should be fulfilled in order to make it useful for decision making are relevance and reliability. Relevance means that financial report should be able to make significant difference

for the financial information user in making decision. While reliability means the financial report could be proven and free from error or bias. The relevance and reliability of a financial report cannot be easily measured. Therefore, users of financial information would need an independent third party to provide a relevant and reliable financial report. To assure the relevance and reliability of the financial report, the company usually hire a public accountant as an auditor. According to Gallegos (2004), the report of external auditors in corporate financial statements is seen as providing key assurance to the interest of shareholders.

Profession of public accountant is known from its auditing service for financial information users. To perform their role in giving reasonable assurance to the public and users' of financial statements, specifically investors and creditors, there are several principles that public accountant as auditors should advocate. Without the auditing service from a certified public accountant, it is almost impossible to get a correct and trusted financial report. This service will add value to the financial statement, in which users apply this information for decision making. However, some corporate scandals have decreased users' trust in the auditors of public accounting firms. For instance, scandals occurred in Enron Corporation in USA around 2001. Enron case is the only fraud case in the world, but it can be said that it is the most famous case which consequently make the collapse of the world most known public accountant office, Arthur Andersen ,and triggered the massive reaction from the investors, creditors, policy makers and governments.

There are also several cases about financial frauds happened in Indonesia. Kimia Farma, Indo Farma, Agis and Bank of Century in Indonesia between 2001 and 2008. The scandalous financial case which happened in Indonesia or the world have significant negative impact on the public trust toward Accounting Firms. The public accountant profession is a trustworthy profession according to the public. The Accounting Firms hopefully could be neutral and always improve and maintain the quality of their audit services. There are many factors that could be considered to have impact on the audit quality.

In this research, the writer would include competency, independency, accountability, time budget pressure and due professional care as the factors which affecting the audit quality. These factors were selected based on the previous research by Dwimilten and Riduwan (2015), which showed that competency, independency, accountability, time budget pressure and due professional care had significant effect on the Public Accountant Office in Surabaya and Sidoarjo. The difference between this research and the previous research was the location of the research.

A research about factors affecting the audit quality is important because the audit quality has significant role in the process of decision making for stakeholders and management. According to Suyono (2012), an auditor needs a public trust when doing his/her tasks, particularly when providing audit service to his/her clients. It is very important for the users of financial statement top résumé the auditor from a public accounting firm which is an independent party having adequate experience and

good accountability. This will affect the users perception about the quality of the audit service.

By knowing the factors that plausibly affecting the audit quality, Accounting Firms will hopefully improve their audit quality which in turn suppress the violations. Based on the explanation above, the writer would like to carry a research entitled “An Analysis of Factors Affecting Audit Quality” with the study on the Accounting Firms in Yogyakarta.

B. Problem Formulation

According to the research background above, the problems could be formulated into this following question:

1. Does competency have influence on the audit quality of the accountant in Yogyakarta?
2. Does independency have influence on the audit quality of the accountant in Yogyakarta?
3. Does accountability have influence on the audit quality of the accountant in Yogyakarta?
4. Does time budget pressure have influence on the audit quality of the accountant in Yogyakarta?
5. Does due professional care have influence on the audit quality of the accountant in Yogyakarta?

C. Research Objective

The objective of this study in general is to analyze the factors affecting the audit quality of the Accounting Firms in Yogyakarta. The specific objectives of this research study are:

1. To identify the influence of competency on the audit quality of the accountant in Yogyakarta.
2. To identify the influence of independency on the audit quality of the accountant in Yogyakarta.
3. To identify the influence of accountability on the audit quality of the accountant in Yogyakarta.
4. To identify the influence of time budget pressure on the audit quality of the accountant in Yogyakarta.
5. To identify the influence of due professional care on the audit quality of the accountant in Yogyakarta.

D. Research Contribution

The writer would like to contribute the study for both theoretical use and practical use. Those benefits may be useful for the following parties:

1. Theoretical Contribution

   The result of the research theoretically could enrich and provide wider knowledge about auditing, in particular the factors affecting the quality of audit service.

2. Practical Contribution

   This research hopefully would give better comprehension for the students of Accounting Department of Islamic University of Indonesia about the audit quality.

CHAPTER II

LITERATURE REVIEW

A. Theoretical Background

1. Agency Theory

Agency Theory describes the existence of conflict between managers as agents with the existence of agency relationships, when there is a contract between one party, namely the owner (principals) with another party, namely the manager (agent). In contracts, managers are bound to provide services to owners. In essence, it explains the contractual relationship between the owner and manager. This contractual relationship occurs when there is a separation of management functions and company ownership, that is, the owner delegates some of the decision-making authority to the manager.

This owner wants to know all information including activities related to investments made by asking for accountability reports to managers. Based on the report, the owner can assess the manager's performance (Nirmala and Cahyonowati, 2013). In addition, there is a separation of management functions and company ownership, although there is a contract between managers (agents) with the owners (principals), it can lead to the emergence of information asymmetry, namely managers have more information about the condition of the company than the owner. Information asymmetry that occurs because the

manager is not willing to provide the information he has to the owner. Therefore, information asymmetry can harm the owner. Because, the owner is not able to know the state of the company as a whole and the owner becomes less confident in the manager of the accountability report made by the manager in the form of financial statements (Messier et.al., 2014).

The managers possibly do not always act in accordance with the interests of the owner, so that it can trigger a conflict of interest. So, to be able to reduce conflicts of interest, the manager must account for the trust given by the owner in the form of audited financial statements. The auditor carries out the duties and responsibilities of the manager (agent) to audit the financial statements of the company he manages. Agency theory helps the auditor as a third party to understand the existence of a conflict of interest that arises between the manager and the owner. Owners as investors work together and establish work contracts with company managers. It is expected that with an independent auditor, there is no fraud in the financial statements made by the manager, but also can evaluate the performance of managers so that the information produced is relevant and can be useful in making investment decisions.

2. Audit Quality

Auditing is a financial service given by an auditor in checking and evaluating the financial report for client's firm. The evaluation is not purposed to find any mistake or fraud, though in its process it is likely possible that any of

them could be found. The evaluation of financial report is intended to give assessment the fairness of the financial report according to the accounting principle (Sukrisno, 2009). As a science, the definition of auditing has been defined by several experts. Stamp and Moonitz in Suharli (2006) defined audit as an independent, objective and expert of a set of financial statements of an entity along with all necessary supporting evidence. It is conducted with a view to expressing an informed and credible opinion, in a written report as whether the financial position and progress of the entity are fair, and in accordance with generally accepted accounting principles.

DeAngelo (1981) in Suyono (2012) defined the audit quality as the probability that the auditor can find and report the existence of violation in the client accounting system. This research related the ability to find the violation in the client accounting system with the auditor experience because it can support the technical competences needed. On the other side, it is used to report the violation in the client accounting system because the auditor has independence and accountability.

Public Sector Government Accountability Office (1986) in Badjuri (2011) defined audit quality as a fulfillment of audit service toward professional standard and also toward certain considered terms and conditions. DeFond and Zhang (2013) who believed higher audit quality is greater assurance of high financial reporting quality. Government Accounting Standards (SAP) which is contained in

the Government Regulation No.71Year 2010 adopted a primary qualitative characteristics as stated in SFACNo.2SAP normative that emphasis on the following four prerequisites:

a. Relevant, is the information contained in it may affect the user's decision to help them evaluate the events of the past or the present and predict the future, as well as correcting the results of their evaluation in the past. Relevant information has the following elements:
    1) Benefits feedback (feedback value), information tool allows users to define their expectations of correcting past.
    2) Benefits of predictive (predictive value), information can help users to predict the future based on past and present events.
    3) On time (timeliness), information is presented in a timely manner that can be influential and useful in decision making.
    4) Complete, which includes all the accounting information that may affect decision-making. Background information of each item of information contained in the primary financial statements clearly revealed that errors in the use of such information can be prevented.
b. Reliable, is the information in the financial statements which are free from errors and misleading understanding of the material, presenting any facts honestly, and can be verified. Reliable information to meet the following characteristics:

1) Trustworthy, information honestly describe transactions and other events that should be presented, or may reasonably be expected to be presented.
2) Can be verified (verifiability), the information presented in the financial statements that can be tested. If the testing is done more than once by different parties, the results still show that it does not have much different conclusion.
3) Neutral, which is directed at the needs of general information and is not in favor of the needs of a particular party.

c. Compatible, the information contained in the financial statements would be more useful if it can be compared with the previous period of financial statements or other reporting entity's of financial statements in general.
d. Comprehensive, the information presented in the financial statements can be understood by the user and is expressed in the form and terms adapted to the understanding of the users.

Audit is a complicated concept which is difficult to be defined or even gets accuracy while measuring (Knechel, 2009). Therefore, measuring quality of the audit is not easy and every research used a different measuring approach. Approaching process can be used for measuring the quality which is difficult (Manita & Elommal, 2010). Measuring internal audit quality can be seen in every audit process step such as planning, testing and reporting (Dascalu, Turlea & Nicolae, 2009).

3. Auditor's Competency

Lasmahadi (2002) stated that competence is personal attributes of a person which enables to achieve superior performance. According to Arens et al. (2014), the definition of competence is the necessary knowledge and skills to accomplish tasks that define an individual's job. Sukrisno (2009) stated that competence means the skill and ability to perform a job or profession. A competent person means a person who can do his job with good quality results. Suraida (2005) stated that competency is a qualification needed by an auditor to accomplish the auditing task correctly which can be measured by personal quality indicator, knowledge and skill.

In a broad sense, competence includes mastery / knowledge and skills which are insufficient and have attitudes and behavior that is suitable in carrying out the job / profession. But too often, the concept of competence is meant in a more narrow sense, that is only associated with the knowledge and skills without considering the attitude and behavior. Spencer (1993) in Rini (2010) stated that competence is an underlying characteristic of individuals with regard to the criteria for effective performance in a job or situation. Cheng, et al. (2002) stated that competence is someone who has the knowledge (education, skills and experience) and attitudes and ethical behavior in work. The competence of a person who is able to show a performance either on occupations, roles or specific situations. From some definitions of competence, it can be concluded that

competence means a person who has the knowledge, attitude and ethical behavior in the work.

Competency is the knowledge and expertise necessary to complete the task (Guy, et al., 2002). According to Sinnott, et al. (2002) in Hadisantoso, et al. (2017), competence can be defined as a characteristic of individuals who contribute successful job performance and achieving organizational results. Competence can be understood as a combination of skills, personal attributes, and knowledge which is reflected through performance behaviors that can be observed, measured and evaluated. The knowledge is gained from education, expertise, skills and experience of someone in work. According Rezaee (2008), the general auditor competence is divided into:

a. Professional Competency

   To audit public companies, auditors must be registered with the professional organizations. Auditors must meet all the requirements of registration and inspection.

b. Technical Competency

   Auditors should have knowledge in professional standards, roles, laws and regulations, understand the client's industry and business, corporate governance, financial reporting process and internal controls.

c. Competency of the process

The auditor has the ability to choose the appropriate procedures, collect evidence (testing of controls, substantive testing) and perform audit procedures.

d. Competency of reporting

Reporting competence refers to the ability and willingness of auditors to find and report misstatement material.

An auditor must have the competence and have the obligation to maintain professional knowledge and skills on an ongoing basis. With that expectation, an auditor can provide better services and corresponding expectations of users of audited financial statements. Konrath (2002) stated that the examination can be done well if the implementation of the examination was done by someone who has the education, experience and expertise in the field of accounting and auditing. An auditor must have certain qualifications in understanding the criteria used and must be competent in order to determine the type and amount of evidence that must be collected to reach the right conclusion after the evidence of the audit is completed and tested. An auditor must also have an independent mental attitude. In the State Financial Inspection Standards (SPKN) in the standard examination, statements about the general standard, the first part stated that collectively examiner should have sufficient professional skills to carry out inspection tasks. Examination Standards with all organizations examiner is responsible for ensuring that each inspection collectively have the knowledge,

expertise and experience required to carryout the task. Examiner also should maintain professional competence through continuing education.

4. Auditor's Independence

An auditor in this case public accountant have to perform its duties professionally by becoming independent. According to the Accountant's Code of Ethics (Mayangsari, 2003), independence is an attitude of which an auditor should not have personal interest in carrying out his/her duties which contradict the principle of integrity and objectivity. All auditors must keep their integrity and objectivity in their professional duties and they have to be independent from all conflicting interest or illicit influence. Based on the definition above, it can be concluded that independence is auditor's attitude to act truthfully and impartially, and to make reports based on fact and existing evidence. According to Christiawan (2002), all auditors must keep their integrity and objectivity in their professional duties and they have to be independent from all conflicting interest or illicit influence. Based on the definition above, it can be concluded that independence is auditor's attitude to act truthfully and impartially, and to make reports based only on fact and existing evidence.

Independence is one of the ethical components which should be maintained by public accountant. To be independent means an accountant should be honest, impartial and free from interest because he/she must carry the public duties. Public accountant as an auditor has an obligation to act truthfully not only to the management or company owner, but also to the creditor and other parties

who put their trust on the service of the auditor. Halim (2011) stated that independent attitude should consist of:

a. Independence in fact, it reflects the auditors ability to be free, honest and objective in performing their auditing task.
b. Independence in appearance, it reflects the perceptions of other parties on the auditor itself in accordance with the process of audit.
c. Independence in competence, it reflects the strong relationship of the competence or auditors' ability in performing and completing their task.

Kusharyanti (2003) suggested that the possibility that internal auditors will find irregularities, fraud and misstatement depends on the quality of understanding (competence) of internal auditors. While the independence of the internal auditor can provide an honest assessment, impartially and without prejudice.

In the rules of conduct on Ethical Code No. 101 on independence stated that a CPA who practiced public must be independent in carrying out professional services as required by official standards promulgated by agencies appointed by the council. It contained some elements of the independence of the interpretation which includes the effect of Boynton and Kell (2010):

a. Financial interest, prohibition against the financial interest is very explicit.
b. A business relationship, a CPA is not allowed to provide serve in the capacity as a member of management or as employees of clients, because it can weaken independence.

c. The meaning of the phrase CPA does not include families that are already independent and interpretation states that the independence of the CPA or public accountant's office can be weakened because of the financial and business relationships of the family.

d. Other services for clients, often CPA provides other services in addition to the attestation services to clients. CPA is not allowed to have other relationships such as financial interest which can weaken objectivity, and client must take full responsibility for its financial statements and the CPA should work according to professional standards in carrying out gluing attestation.

e. Litigation, involving the CPA and the client who questioned the independence. In general, the independence will be weakened if the presence or potential threat of litigation has changed significantly, or the expected relationship between the client and the CPA will change materially.

5. Auditor's Accountability

Accountability can be defined by the responsibility to execute a desired role. Dykstra (1939) in Azim and Ara (2015) said that in ethics and governance, accountability is answerability, blameworthiness, liability, and the expectation of account-giving. Watkins (2004) stated that an accountability view of accounting might offer a useful grounding with respect to maintaining a better sense of the profession through an ever-changing business environment."Accountability relates to the objectives of financial reporting—the base upon which all accounting practices must be founded (Beechy, 2007).

Accountability is often presented as a means by which to achieve the collective and individual goods of democracy, justice, administrative performance, and ethical conduct in governance (Dubnick and Justice, 2004). Barata et al. (1999) stated that accountability has been defined as the obligation of anyone handling resources, public office or other position of trust to report on the intended use of the resources of the designated office.

Earl and LeMahieu (1997) stated that accountability is the conversation about what the information means and how it fits with everything else that we know, and about how to use it to make positive changes. According to Bovens (2005), in modern political discourse, 'accountability' and' accountable' no longer convey a stuffy image of bookkeeping and financial administration, but they serve as synonyms for fair and equitable governance. Lerner and Tetlock (1999) stated that accountability is a logically complex construct that interacts with characteristics of decision makers and properties of the task environment to produce an array of effects -- only some of which are beneficial. Accountability has several meanings and is the subject of a broad debate in American governance. Some of the simpler definitions include: responsibility or capable of being held responsible for something; capable of being explained; being held to account, scrutinized, and being required to give an account or explanation. (en.wikipedia.org/wiki/Accountability).

To maintain the accountability of accounting many scholars have shown their opinions. According to Rika, et al. (2008), to improve standards of

accounting and accountability, it will be necessary to revise accounting procedures, automate accounting systems, upgrade accounting skills and decentralize accounting functions. Barata, et al. (1999) stated that stakeholders in the accountability process cannot effectively perform their accountability obligations nor beheld properly accountable unless the evidence of their actions is made available through organized, secure, yet easily accessible means.

To achieve this, reliable documentary evidence in the form of records must be consistently provided. Records are the indispensable foundation of the accountability process. Without reliable and authentic documentary evidence underpinning all essential accountability processes, government, civil society and the private sector cannot ensure transparency, guarantee accountability or allow for the exercising of good governance. According to Watkins, et al. (2007), one must consider the unique competencies accounting comprises. One could, for example, select from among the elements of decision usefulness, stewardship, control, fairness, attestation, relevance, reliability, representational faithfulness, and accountability for the grounding norms for both accounting information and accountants' competencies.

The stakeholders of accounting can be classified as: i) regulators, ii) preparers, iii) researchers, iv) users etc. Weygandt et al. (2012) stated that there are two broad groups of users of financial information: internal users and external users. Internal users of accounting information are managers who plan, organize, and run the business. These include marketing managers, production supervisors,

finance directors, and company officers. External users are individuals and organizations outside a company who want financial information about the company. The two most common types of external users are investors and creditors. Investors (owners) use accounting information to make decisions to buy, hold, or sell ownership shares of a company. Creditors (such as suppliers and bankers) use accounting information to evaluate the risks of granting credit or lending money. Financial accounting provides economic and financial information for investors, creditors, and other external users. The information needs of external users vary considerably. Taxing authorities want to know whether the company complies with tax laws. Regulatory agencies want to know whether the company is operating within prescribed rules. Customers are interested in whether a company will continue to honor product warranties and support its product lines. Labor unions want to know whether the owners have the ability to pay increased wages and benefits.

6. Time Budget Pressure

Time budget pressure refers to those time constraints that arise or may arise, in engagements from limitations of resources (time) allocable to perform tasks (DeZoort & Lord, 1997). Normally audit firms communicate these time limitations to audit personnel through time budgets. Research shows that time budgets have the potential to create pressure because these acts were not only as control mechanisms but also as performance measurement tools within the firm.

Thus, it is difficult to discuss these due to fear of being seen as incompetent (McNair, 1991).

In the competitive market of audit services as today, in order to be able to operate effectively and efficiently, Public Accounting Firm is required to collect sufficient competent evidence to meet the professional standards and conduct efficiency through cost of audit controlling (Arens, et al., 2014). Beside that, time budget is used to motivate the staff to work efficiently, effective, and to evaluate the performance. Auditors must conduct the efficiency of cost and time during carrying out the audit since most of audit cost was triggered by time audit. Thus, to improve the efficiency, one of business that is often taken by public accounting firm is determining time budget tightly (McNair,1991).

According to DeZoort, et al. (1997), time budget pressure is the time constrain that arise or may arise in engagement from limitation on the resources allocable to perform tasks. Time budget pressure is a timing issues that arise or may arise from the limitedness of resources (time) which is allocated for implementation of audit tasks. Meanwhile, McNamara and Liyanarachchi (2008) said that time budget pressure is one type of pressure that has the potential to severely undermine auditor's control environment.

Time budget pressure is one of the pressure perceived which potentially reduces the performance of auditors in carrying out audit tasks. The same thing is disclosed by Coram, et al. (2004) that time budget pressure is a type of timing issues which is often occured and perceived by the professional accountant. It is

related with limitedness of time and the amount of work. Auditors who completed the audit exceeds a predetermined time disposed rated and scored poorly on the boss. According to Ahituv, et al. (1998), the time budget pressure is able to influence a person's performance which the auditor often work in a limited time. Thus, it can influence its performance to gain a quality audit. Further studies have been conducted in several countries, time budget pressure is a major problem associated with the public accounting profession (Paino, et al., 2014). Time budget pressure is a major problem associated with periods when the time provided by public accountant is very limited (DeZoort, et, al., 1997) and have a lot of work but human resources are limited (Coram, et al., 2004). In the other side, auditor should conduct their work in accordance with time budget that has been arranged as one of the performance appraisal auditor (McNamara and Liyanarachchi, 2008).

7. Due Professional Care

Due professional care can be defined in several ways. Some describe it as the respect shown by auditee and how an auditor conducts himself during an audit. Others might say it is the professional image expected by an auditor towards the auditee. Still others believe that due professional care denotes the expectation of adding value to the client by providing solutions instead of problems. During an audit, some view the auditor as the cop and the auditee as the suspect. Auditors make inquiries, investigate and test their conclusions. At the end, they indicate who is guilty of doing what and the punishment is the

recommendations made to the client. This may be a harsh way to look at an audit but to the auditee it may be real life. The auditee has to answer upper management and in some cases jobs may be affected based on the auditor's report.

Due professional care is an important self-requirement to be implemented in audit field. Research done by Singgih and Bawono (2010) provided empirical evidence that due professional care is a factor that affects the quality of the audit. This research is also supported by research done by Ratha and Ramantha (2015). There are also different result with the study conducted by Badjuri (2011) which showed empirical evidence that due care has no effect on audit quality.

Due professional care is another requirement that an auditor must have in doing his job. Research Singgih and Bawono (2010) provided empirical evidence that due professional care is the most influential factor on audit quality. Due professional care involves two aspects, namely professional skepticism and adequate confidence. Whereas, professional auditor skepticism is an attitude in performing audit assignments. Hence, professional skepticism needs to be owned by the auditor primarily when obtaining and evaluating audit evidence (Arens et al., 2014). Louwers et al. in Singgih and Bawono (2010) concluded that the failure of the audit in the fraud case transaction was due to a lack of skepticism and due professional care auditors rather than deficiencies in auditing standards. Singgih and Bawono (2010) in his research showed that partially due professional care had a significant effect.

B. Related Research

There are several previous researches that are related to the factors affecting the audit quality. The related research are:

1. A study by Dwimilten and Riduwan (2015) which investigated the influence of competency, independency, accountability, time budget pressure and due professional care to the audit quality. The respondents were auditor staffs from junior to manager position who worked at Public Accountant Office in Surabaya and Sidoarjo. The samples were 14 Accounting Firms which were represented by 70 people of auditor staff, who had been selected by using simple random sampling method. The data had been obtained by issuing questionnaires which were directly issued to the respondents in the beginning of April 2015. The results of the research had proven that i.e.: (a) the competency has positive influence on the audit quality. It means that the qualified audit is obtained from the high competency of auditors; (b) the independency has positive influence on the audit quality, it means that when the independency of an auditors is better than the audit quality; (c) accountability has positive influence on the audit quality, it means that when the auditors have high responsibility on their jobs, it will generate high audit quality; (d) time budget pressure has positive influence on the audit quality, it means that the time budget can encourage the auditors to maximize the existing time and to generate qualified audit; (e) due professional care has positive influence on the audit quality, it means that when the careful and thoroughly professionalism of an auditor is high, the audit quality is high as well.

2. A research by Putri, et al. (2015) which aimed to analyze the influence of independency, competency, and size of certified public accountant firm partially and simultaneously on the audit quality of auditor in Certified Public Accountant firm in Semarang. The population of this research was all of auditors who work at Certified Public Accountant firm in Semarang. By using convenience sampling method, the sample in this research was 70 respondents. Based on hypothesis testing and discussion, the result obtained by independency and competency had partial, positive and significant influence on audit quality of auditor in Certified Public Accountant firm in Semarang while size of certified public accountant firm did not. Independency, competency, and size of Certified Public Accountant firm had significant and simultaneous influence on audit quality of auditor in Certified Public Accountant firm in Semarang. This research also found that there are three variables with competency was dominant variable that influence audit quality of auditor in Certified Public Accountant firm in Semarang.
3. A study by Hastuti, et al. (2017) aimed to analyze the influence of independency, experience, knowledge, dysfunctional attitude, accountability, and auditor's ethics on the audit quality in Accounting Firms in Surakarta, Semarang and Yogyakarta. This research also aimed to find out the dominant factor affecting the audit quality. The population of this research is all of auditors who work at the Accounting Firms in Surakarta, Semarang and Yogyakarta. The sample in this research was selected by using convenience sampling method, The result of this research showed that independency, experience, accountability, and auditor's

ethics had partial and significant influence on the audit quality. Otherwise, it had significant and partial influence on the audit quality. Knowledge, dysfunctional attitude, and auditor's ethics had insignificant and partial influence on the audit quality. The result also showed that experience was the dominant factor affecting the audit quality.

4. A study by Nirmala and Cahyonowati (2013) had the purpose to analyze and provide empirical evidences about the impact of independency, experience, due professional care, accountability, audit complexity, and time budget pressure on audit quality. This study was conducted by using survey method with questionnaire. The population in this study are auditors who work in Accounting Firms in Central Java and DIY. This study used convenience sampling which was conducted by determination of samples counted with Slovin formula. Thus only 91 questionnaires could be processed. Data analysis was conducted using multiple regression model. The result proved that independency, experience, due professional care, accountability, audit complexity, and time budget pressure influenced audit quality simultaneously. Besides that, this study proved that independency, experience, due professional care, accountability, and time budget pressure influenced audit quality partially but audit complexity did not influence audit quality.
5. A study by Cholifa and Suryono (2015) aimed to test whether due professional care, accountability, and time budget pressure affect the audit quality. The sample collection technique has been carried out by using purposive sampling. The result

of the research shows that there is a variable of due professional care, accountability, and time budget variables used by the researcher when the level of due professional care, accountability, and time budget pressure which is owned by an auditor is getting high. Therefore, the audit quality which is generated by the auditor is getting better as well.

C. Hypothesis Formulation

1. Hypothesis 1: The Influence of Competency on Audit Quality

Auditor' competency is the ability of an auditor based on his experience and knowledge in conducting audit practices accurately. Competency is defined as the knowledge and expertise of the auditor necessary to complete the auditing tasks (Guy, et al., 2002). In addition, an auditor with high education, expertise, extensive knowledge, and extensive experience will make auditors more professional and easier to detect errors in audit practices. Dwimilten and Riduwan (2015) states that competence (consisting of knowledge and experience) has a significant effect on audit quality in the direction of positive influence. A research by Putri, et al. (2015) showed that competency was dominant variable that influence audit quality of auditor in Certified Public Accountant firm in Semarang. Regarding this, competencies can be measured from the knowledge and experience of an auditor and can affect audit quality. Based on the description above, it can be proposed the hypothesis of this research as follow:

H_1 : Competency has positive influence on the audit quality of the Accounting Firms in Yogyakarta.

2. Hypothesis 2: The Influence of Independency on Audit Quality

A qualified auditor in carrying out his duties must be independent, impartial, do not have personal interests, and remain consistent in giving opinions without being influenced by other parties. Auditor independence is an important factor in audit quality. But if it does not have independence, especially if it gets pressure from the client, the audit quality it produces is also not optimal (Elfarini, 2007). Independency is defined as an attitude of which an auditor should not have personal interest in carrying out his/her duties which contradict the principle of integrity and objectivity (Accountant's Code of Ethics in Mayangsari, 2003). The pressure of independence has been defined as the ability of individuals to resist pressure and maintain an impartial attitude when facing pressure. Research conducted by Dwimilten and Riduwan (2015) also found empirical evidence that independence had a significant effect on audit quality. Another research conducted by Hastuti, et al. (2017) showed that independency had significant influence on the audit quality. Therefore, independence can be seen from the old size of the relationship with the client (audit tenure), pressure from the client, peer review, and non-audit services that can affect audit quality. Based on the description above, it can be proposed the hypothesis of this research as follow:

H_2 : Independency has positive influence on the audit quality of the Accounting Firms in Yogyakarta.

3. Hypothesis 3: The Influence of Accountability on Audit Quality

Accountability is defined as the auditor's responsibility to execute his/her role in auditing task (Lerner and Tetlock, 1999). According to Libby and Luft (1993) in Dwimilten and Riduwan (2015) in relation to one's accountability, people with high accountability also have high motivation in doing things. Second, how much effort (thought power) is given to complete a job. People with high accountability devote more effort (thinking power) than people with low accountability when completing work and third, how confident they are that their work will be examined by a superior. The belief that a job will be examined or assessed by others can increase one's desire and effort to produce more qualified work.

The research results of Cholifa and Suryono (2015) state that accountability has a significant effect on the quality of the work of the auditor. The accountability of an auditor is not only when carrying out field work, but also seen from the results of a quality examination prepared through the thoughts and attitudes that are responsible for the audit process. Dwimilten and Riduwan (2015) also stated that accountability has a significant effect on the quality of the work of the auditor. Based on the description above, it can be proposed the hypothesis of this research as follow:

H_3 : Accountability has positive influence on the audit quality of the Accounting Firms in Yogyakarta.

4. Hypothesis 4: The Influence of Time Budget Pressure on Audit Quality

Time budget pressure is defined as auditor's perception on the pressure aroused by adequate time audit firm allocated for auditors to complete specified audit procedures (Margheim, Kelley, & Pattison, 2005). Nirmala and Cahyonowati (2013) concluded that the existence of a strict time budget was considered a common thing and was a way to encourage auditors to work harder and more efficiently. And it is an important attribute of audit quality because most respondents in the study agree with the statement that KAP should make a tight time budget for each quality audit area even though on the other hand, most auditors believe that time budget pressure is considered a significant problem for the profession and this increase in pressure can lead to an increase in the turnover rate in public accounting firms.

Time pressure has three dimensions, namely timeliness, target completion, and time limit burden (Dwimilten and Riduwan, 2015). Time budget pressure is a condition in which the auditor is required to make efficiency on the time budget that has been prepared, or there is a time limit in a very tight budget and pressure time deadline, namely the condition where the auditor is required to complete the audit task on time. Cholifa and Suryono (2015) state that time budget pressures has a significant effect on the quality of the work of the auditor. The results of Dwimilten and Riduwan (2015) study show that time budget pressures have a positif effect on audit quality. Based on the description above, it can be proposed the hypothesis of this research as follow:

H_4 : Time budget pressure has positive influence on the audit quality of the Accounting Firms in Yogyakarta.

5. Hypothesis 5: The Influence of Due Professional Care on Audit Quality

Due professional care is defined as the respect shown an auditee and how an auditor conducts himself during an audit (Dwimilten and Riduwan, 2015). Due professional care involves two aspects, namely professional skepticism and adequate confidence. According to Goverment Accountability Office (GAO), performance audits that are in accordance with Generally Accepted Government Auditing Standars (GAGAS) must provide reasonable assurance that the audit evidence is sufficient and appropriate to support the auditor's findings and conclusions. Adequate confidence in the evidence found will greatly help the auditor in determining the scope and methodology that will be used in carrying out the audit work so that the goal can be achieved. Thus due professional care is related to audit quality. The results of Singgih and Bawono (2010) research stated that due professional care had an effect on audit quality. The results of Dwimilten and Riduwan (2015) research also stated that due professional care had an effect on audit quality. Based on the description above, it can be proposed the hypothesis of this research as follow:

H_5 : Due professional care has positive influence on the audit quality of the Accounting Firms in Yogyakarta.

D. Conceptual Framework

Based on the explanation about the hypothesis, it can be proposed that the model of the conceptual framework embedded in the research is shown in the figure below.

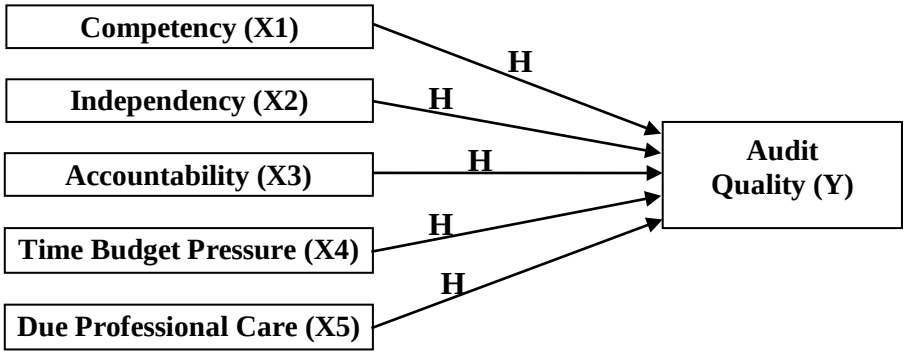


Figure 2.1. Conceptual Framework of the Factors Affecting the Audit Quality

CHAPTER III

RESEARCH METHODOLOGY

A. Type of Research

In this research, the type of study was quantitative research. The method used survey method by using questionnaires with itemized rating scale to assess data. This research used quantitative approach because the data analysis technique used numerical data and statistical processing. As stated by Sekaran (2006), quantitative research is an attempt to investigate an issue by using numerical data and statistical processing.

B. Population and Sample

Population is a set of individuals or objects known to have similar characteristics from which a sample will be drawn (Sugiyono, 2009). In this research, the populations were all the auditor staffs who worked at the Accounting Firms in Yogyakarta. There were 153 auditor staffs working in ten Accounting Firms in Yogyakarta. Sample is a subset measurements selected from the population of interest. The samples of this research were some of the auditor staff who worked at the Accounting Firms in Yogyakarta. The number of the sample used in this research are determined by using the following formula (Sekaran, 200):

$$n = \frac{N}{Nd^2 + 1}$$

Where d is the level of error or accuracy (10%) and N is the number of population (153). Therefore:

$$n = \frac{153}{153(0,1)^2 + 1} = 60,47 \approx 60$$

According to the calculation above it can be determined that the minum number of sample used in this research were 60 respondents.

This research used non-probability and convenience sampling method. Non-probability sampling is a sampling design in which the elements in the population have not known yet that they will be selected as sample subjects (Sekaran, 2006). Convenience sampling is a non-probability sampling design by which information and data for the research are gained from members of the population who are conveniently accessible to the researcher (Sekaran, 2006).

C. Research Setting

This research was located in Daerah Istimewa Yogyakarta. This research was conducted on September – October 2017. The samples were the auditor staff who worked at the Accounting Firms in Yogyakarta.

D. Research Variables

The variables of this research consisted of two variables. They were dependent variable and independent variable. The independent variable is a variable that influences the dependent variable in either a positive or a negative direction, while

dependent variable is a variable that was influenced by the dependent variable (Sekaran, 2006). The dependent variable in this research was the audit quality, while the independent variables were competency, independency, accountability, time budget pressure and due professional care.

a. Audit quality is defined as the probability of the auditor that can find and report the existence of violation in the client accounting system (DeAngelo, 1981). Audit quality in this research was measured by using qualitative characteristics based on Government Accounting Standards (SAP) as follow: 1) adequate evidence, misstatements detection, materiality, accounting standard compliance, and actual reports (Dwimilten and Riduwan, 2015).
b. Competency is defined as the knowledge and expertise of the auditor necessary to complete the auditing tasks (Guy, et al., 2002).The auditor's competency in this research was measured by using the indicators according to Dwimilten and Riduwan (2015),which consisted of: 1) capability, 2) knowledge, 3) experience, and 4) auditor characters.
c. Independency is defined as an attitude of which an auditor should not have personal interest in carrying out his/her duties which contradict the principle of integrity and objectivity (Accountant's Code of Ethics in Mayangsari, 2003). The auditor's independency in this research was measured by using the indicators according to Dwimilten and Riduwan (2015) which consisted of: 1) client relationship, 2) client pressure, 3) audit fee, 4) task duration, and 5) 'extra' facilities from client.

d. Accountability is defined as the auditor's responsibility to execute his/her role in auditing task (Lerner and Tetlock, 1999). The auditor's accountability in this research is measured by using the indicators according to Dwimilten and Riduwan (2015) which consisted of: 1) accountability to clients, 2) accountability to peers, and 3) accountability to other practices.
e. Time budget pressure is defined as auditor's perception on the pressure aroused by adequate time audit firm allocated for auditors to complete specified audit procedures (Margheim, Kelley, & Pattison, 2005). The time budget pressure in this research was measured by using three indicators (Dwimilten and Riduwan, 2015): 1) timeliness, 2) target completion, and 3) time limit burden.
f. Due professional care is defined as the respect shown an auditee and how an auditor conducts himself during an audit (Dwimilten and Riduwan, 2015). The auditor's due professional care in this research was measured by using the indicators according to Dwimilten and Riduwan (2015) which consisted of: 1) diligent and careful, 2) persistence in responsibility, 3) skeptism, 4) proficiency and cautiousness, and 5) objectivity.

E. Data Collection Method and Research Instrument

The research instrument that was used to collect the data for this research was the distribution of questionnaire directly to the staffs who worked at the Accounting Firms in Yogyakarta. The questionnaire used to collect the data was developed by the writer himself based on the theoretical background. In questionnaire method,

researchers used Likert scale to examine how strong respondents agree or disagree with statements. According to Sekaran (2006), measurement can be based on the rating of the statements given by respondents by giving score 1 that represents "strongly disagree" and 5that represents "strongly agree".

The questionnaire used to collect data from respondents consisted of two sections. The first section, the respondents were required to present some standard demographic information, i.e. public accountant office's name, respondent's name, gender, age, education level, experience, rank/position. In this section, the respondents were also asked to reply some question about their task in the offices and about the accounting training. The second section of the questioner consisted of the question about the research variables. The questionnaires in this research were derived from the previous study conducted by Dwimilten and Riduwan (2015). To ensure respondents' understanding of questions, the questionnaires were given in Indonesian language.

F. The Test of Validity and Reliability

1. Validity Test

The purpose of validity test is to measure and analyze whether each item of instrument could explain the variable observed or not. The effectiveness of the questionnaire as a measurement tool was the most important factor in determining the quality of the research result. This was because the result of this research was fully dependent on the quality of the data obtained. The validity of the instrument

was measured by using validity coefficients. The critical value for the validity coefficient was, if the p value of an item is less than the level of significance 5% (0.05), the item can be considered as valid. Otherwise, if the p value of an item is more than the level of significance of 5% (0.05), the item is invalid (Sugiyono, 2009).

2. Reliability Test

Reliability test is also designed to find out the consistency of the measurement tools. It could give the result which was relatively consistent if there was re-measurement in the same subject. The reliability of a measurement indicated the extent to which the measurement is without bias or error free, and hence, offers consistent measurement across time and across the various items in the instrument (Sekaran, 2006). A reliable measurement tool would provide a reliable result that was also relevant to the variable used. If the data was really relevant to the real condition, the result of any measurement conducted in the next period would always be the same. It used alpha coefficient from Cronbach to find the value of alpha Cronbach (α) ≥ 0.6. Thus, the measurement tool of the research was claimed reliable to be used.

G. Data Analysis Methods

The methods of data analysis in this research consisted of descriptive statistics analysis, classical assumptions test and the test of hypothesis using multiple regression analysis.

1. Descriptive Statistics Analysis

Descriptive statistics analysis was conducted to summarize the measures of the observed data with numerical description. The measurements used in this research were the mean value of each variable used, i.e. competency, independency, accountability, time budget pressure, due professional care and audit quality. According to Azwar (2009), the value of mean will be categorized into five classes of interval by using the following criteria:

a. If the mean score lays between 1.00 – 1.80, the variable is classified as 'very low'.
b. If the mean score lays between 1.81 – 2.60, the variable is classified as 'low'.
c. If the mean score lays between 2.61 – 3.40, the variable is classified as 'intermediate'.
d. If the mean score lays between 3.41 – 4.20, the variable is classified as 'high'.
e. If the mean score lays between 4.21 – 5.00, the variable is classified as 'very high'.

2. Classical Assumptions Test

The model must meet the classical assumptions of the linear regression, which consisted of heteroscedasticity, multicollinearity and normality. The identification of the assumptions was done by the following tests:

a. Multicollinearity Test

Multicollinearity is the existence of perfect linear relationship among some or all independent variables. Multicollinearity test aimed to test whether there is

correlation found among independent variables in regression model. A good regression model should not have correlation among independent variables (Ghozali, 2006). The present of multicollinearity was detected by analyzing the Variance Inflation Factor. If the number of VIF did not exceed 10 (Gujarati, 2003), it can be concluded that there was no multicollinearity among the independent variables.

b. Heteroscedasticity Test

Heteroscedasticity test aimed to test whether there was variance inequality from the residual of one observation to other observations in the regression model. If residual variance from one observation to other observations remains, it is called homoscedasticity. But if residual variance is different, it is called heteroscedasticity. A good regression model is homoscedasticity or heteroscedasticity does not occur (Ghozali, 2006).

One way to detect the existence of heteroscedasticity was by observing the scatter plot between the predicted value of independent variable (ZPRED) and its residual (ZRESID). Detection of presence or absence of heteroscedasticity could be done by viewing its patterns on scatter plot graph between ZRESID and ZPRED where Y axis was the Y that had been predicted, and the X axis was the residual (Y predicted–Y real) that has been studentized. Basic analysis is as follow (Santoso, 2007):

1) If there is a certain pattern, like dots which formed a regular specific pattern (wavy, broad then narrow), it indicates that there have been a violation of heteroscedasticity assumption.
2) If there is no clear pattern, and the points spread above and below zero (0) on the Y axis, it indicates that the model meet the assumption of heteroscedasticity.

c. Normality Test

Normality test aimed to test whether the regression model, the residual variable had normal distribution. One way to detect the normality of the residual was by using the normal P-P plot between. In the detection of normality, if the data is spread around the diagonal line and follow the direction of the diagonal line, the regression model meet the assumption of normality (Santoso, 2007).

3. Multiple Regression Analysis

The research used multiple regression analysis to test the hypothesis. Multiple regression analysis is used to estimate the coefficient values generated from the linear model which involve independent variables to predict the value of the dependent variable (Santoso, 2007). According to Sekaran (2006), the process of multiple regression analysis consists of the following step:

a. Regression Model

The equation of regression model which represent the causal relationship between the independent variables and the dependent variable are as follow:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where:

Y = Audit quality

a = Constant value

b_1 to b_5 = Regression coefficients

X_1 = Competency

X_2 = Independency

X_3 = Accountability

X_4 = Time budget pressure

X_5 = Due professional care

e = Error term

b. Statistical Test

The statistical test was conducted to examine the significance of the coefficients and to determine the level of significance in regression analysis. The statistical test was done by using t-test and the coefficient of determination (R square).

1) T-test

The t-test was performed to determine the partial influence of each independent variable on the dependent variable. The decision making was obtained by comparing the p value of the t statistics with the significance level at 0.05 (Santoso, 2007):

a) If the p value < 0.05, Ho is rejected and Ha is accepted. It means that the independent variables have significant, partial influence on the dependent variable.

a) If the p value ≥ 0.05, Ho is accepted and Ha is rejected. It means that the independent variables have insignificant partial influence on the dependent variable.

2) The Coefficient of Determination (R square)

The coefficient of determination or R square (R^2) is a ratio which is presented in percentage. It represents the ratio of the amount of the variance that can be explained by the relationship between the independent variables and the dependent variable. Thus, the amount of the dependent variable would be explained by the independent variable, while the rest is explained by the other reasons outside the model. The R square ranges between 0 to 1. The larger R square (close to 1) indicates good fit between both variables (Santoso, 2007).

CHAPTER IV

RESEARCH FINDINGS AND DISCUSSION

This research was conducted to analyze the factors affecting the audit quality of the Accounting Firms in Yogyakarta. As mentioned in the previous chapter, to collect the data for this research the writer distributed the questionnaire directly to the respondents, i.e. the auditor staff from junior to manager position who worked at Accounting Firms in Yogyakarta. There were ten Accounting Firms in Yogyakarta to which the questionnaire were given, but only 7 Accounting Firms returned the questionnaires. For detail, the questionnaire distributions are described in the following table.

Table 4.1 Questionnaire Distributions

No.	Accounting Firms	Distributed	Unreturned	Incomplete	Analyzed
1	Dra. Suhartanti & Partners	12	2	0	10
2	Drs. Soeroso Donosapoetro	12	4	0	8
3	HLB Hadori Sugiarto Adi & Partners	12	12	0	0
4	Moh. Mahsun Ak, M.Si, CPA.	12	3	0	9
5	Bismar, Muntalib & Yunus	12	1	0	11
6	Drs. Hadiono	12	4	1	7
7	KKSP& Partners	12	12	0	0
8	Indarto Waluyo	12	3	2	7
9	Drs. Henry & Sugeng	12	0	1	11
10	M. Kuncara Budi Santoso	12	12	0	0
	Total	120	53	4	63

Afterward, the data were edited, coded and tabulated for further analysis. The complete data tabulation was displayed in the appendix for detail. The first section discusses the validity and reliability test to determine whether the data is valid, reliable and meets the requirements of further analysis. The next section was descriptive analysis. It describes the respondents' demographic characteristics which includes gender, age, education level, work experience, position, and audit training. The statistical analysis used in this research was multiple regression analysis conducted with SPSS 21.0 for Windows.

A. Validity and Reliability Test Result

1. Validity Test Result

Validity test showed well an instrument that is developed measures the particular concept it is supposed to measure. Validity test in this research was conducted by using SPSS 21.0 for Windows, with the level of confidence 5% and one tailed test used.

a. Validity Test Results of Competency Variable

Table 4.2 Validity Test Results of Competency Variable (X1)

Items	Validity Coefficient	P Value	Notes
X1.1	0.723	0.000	Valid
X1.2	0.634	0.000	Valid
X1.3	0.627	0.000	Valid
X1.4	0.811	0.000	Valid
X1.5	0.756	0.000	Valid
X1.6	0.837	0.000	Valid
X1.7	0.816	0.000	Valid
X1.8	0.803	0.000	Valid
X1.9	0.675	0.000	Valid

Source: primary data processed, 2018.

The validity test of competency variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all items of competency variable can be considered as valid and included for the next step of research.

b. Validity Test Results of Independency Variable

Table 4.3 Validity Test Results of Independency Variable (X2)

Items	Validity Coefficient	P Value	Notes
X2.1	0.785	0.000	Valid
X2.2	0.716	0.000	Valid
X2.3	0.757	0.000	Valid
X2.4	0.671	0.000	Valid
X2.5	0.584	0.000	Valid

Source: primary data processed, 2018.

The validity test of independency variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all items of independent variable can be considered as valid and included for the next step of research.

c. Validity Test Results of Accountability Variable

Table 4.4 Validity Test Results of Accountability Variable (X3)

Items	Validity Coefficient	P Value	Notes
X3.1	0.579	0.000	Valid
X3.2	0.757	0.000	Valid
X3.3	0.652	0.000	Valid
X3.4	0.612	0.000	Valid
X3.5	0.622	0.000	Valid
X3.6	0.642	0.000	Valid
X3.7	0.598	0.000	Valid

Source: primary data processed, 2018.

The validity test results of accountability variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all items of accountability variable can be considered as valid and included for the next step of research.

d. Validity Test Results of Time Budget Pressure Variable

Table 4.5 Validity Test Results of Time Budget Pressure Variable (X4)

Items	Validity Coefficient	P Value	Notes
X4.1	0.835	0.000	Valid
X4.2	0.726	0.000	Valid
X4.3	0.733	0.000	Valid
X4.4	0.665	0.000	Valid
X4.5	0.737	0.000	Valid
X4.6	0.791	0.000	Valid
X4.7	0.737	0.000	Valid

Source: primary data processed 2018.

The results of validity test results of time budget pressure variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all items of time budget pressure variable can be considered valid and included for the next step of research.

e. Validity Test Results of Due Professional Care Variable

Table 4.6 Validity Test Results of Due Professional Care Variable (X5)

Items	Validity Coefficient	P Value	Notes
X5.1	0.669	0.000	Valid
X5.2	0.710	0.000	Valid
X5.3	0.734	0.000	Valid
X5.4	0.710	0.000	Valid
X5.5	0.700	0.000	Valid
X5.6	0.751	0.000	Valid
X5.7	0.735	0.000	Valid
X5.8	0.670	0.000	Valid

Source: primary data processed, 2018.

The results of validity test results of due professional care variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all item of due professional care variable can be considered as valid and included for the next step of research.

f. Validity Test Results of Audit Quality Variable

Table 4.7 Validity Test Results of Audit Quality Variable (Y)

Items	Validity Coefficient	P Value	Notes
Y.1	0.453	0.000	Valid
Y.2	0.332	0.004	Valid
Y.3	0.488	0.000	Valid
Y.4	0.606	0.000	Valid
Y.5	0.687	0.000	Valid
Y.6	0.864	0.000	Valid
Y.7	0.647	0.000	Valid
Y.8	0.712	0.000	Valid

Source: primary data processed 2018.

The results of validity test results of audit quality variable showed that the p value of all items was less than the level of confidence 5% (0.05). It means that all items of audit quality variable can be considered as valid and included for the next step of research.

2. Reliability Test Result

The reliability of a measure indicated the stability and consistency on which the instrument is measuring the concept and helped to assess the goodness of a measure. The calculation of the coefficient correlation was conducted by using SPSS 21.0 for Windows, using Cronbach's alpha technique. If the Cronbach's alpha (α) is ≥ 0.6, the measurement tool of the research is claimed

reliable to be used. The results of reliability test showed that the questionnaires distributed to respondents were reliable. The reliability test results is presented in Table 4.8.

Table 4.8 Reliability Test Results

Variables	Cronbach's Alpha	Critical Value	Notes
Competency	0.895	0.6	Reliable
Independency	0.742	0.6	Reliable
Accountability	0.752	0.6	Reliable
Time budget pressure	0.856	0.6	Reliable
Due professional care	0.858	0.6	Reliable
Audit quality	0.753	0.6	Reliable

Source: primary data processed 2018.

B. Respondents Demographic Characteristics

As already mentioned before, the respondents of this research were the auditor staffs at Accounting Firms in Yogyakarta. From the questionnaires, the respondents filled out their personal information about gender, age, education level, work experience, position, and audit training.

1. Respondents' Gender

The results of the analysis based on the respondents' gender are showed in Table 4.9.

Table 4.9 Respondents Characteristics Based on Gender

Gender	Count	Percentage
Male	26	41.3%
Female	37	58.7%
Total	63	100.0%

Source: primary data processed, 2018.

Table 4.9 describes that the auditor staffs at Accounting Firms in Yogyakarta were mostly female (58.7%). Meanwhile, the rest 41.3% were male.

2. Respondents' Age

Based on the respondents' age, there were five categories. The results of the analysis based on the respondents' age are showed in the Table 4.10.

Table 4.10 Respondents Characteristics Based on Age

Age	Count	Percentage
Below 25 years old	15	23.8%
25 – 35 years old	33	52.4%
35 – 45 years old	15	23.8%
45 – 55 years old	0	0.0%
Above 55 years old	0	0.0%
Total	63	100.0%

Source: primary data processed, 2018

Table 4.10 describes the auditor staff at Accounting Firms in Yogyakarta which were mostly between 25 – 35 years old (52.4%). Twenty three point eight percent were below 25 years old and between 35 – 45 years old. None of them were between 45 – 55 years old and above 55 years old.

3. Respondents Education Level

Based on the education level, there were four categories which were male and female. The data of the analysis result based on respondents' education level are showed in the Table 4.11.

Table 4.11 Respondents Characteristics Based on Education Level

Education Level	Count	Percentage
Diploma	11	17.5%
Under-graduate	45	71.4%
Master	4	6.3%
Doctoral	3	4.8%
Total	63	100.0%

Source: primary data processed, 2018

Table 4.11 describes that the educational level of the auditor staffs at Accounting Firms in Yogyakarta which were mostly Under-graduate (71.4%%). Seventeen point five percent were Diploma, 6.3% were Master and the rest 4.8% were Doctoral.

4. Respondents' Work Experience

Based on the respondents' work experience, there were seven categories. The results of the analysis based on the respondents' work experience can be seen in Table 4.12.

Table 4.12 Respondents' Characteristics Based on Work Experience

Work Experience	Count	Percentage
< 1 year	10	15.9%
1 – 2 years	19	30.2%
2 – 3 years	7	11.1%
3 – 4 years	11	17.5%
4 – 5 years	6	9.5%
5 – 10 years	7	11.1%
> 10 years	3	4.8%
Total	63	100.0%

Source: primary data processed, 2018

Table 4.12 describes that the auditor staff at Accounting Firms in Yogyakarta were mostly respondents with work experience of 1 - 2 years (30.2%). There were15.9% of the respondents with work experience of less than a

year, 11.1% of the respondents with work experience of 2 - 3 years, 17.5% of the respondents with work experience of 3 - 4 years, 9.5% of the respondents with work experience of 4 - 5 years, 11.1% of the respondents with work experience of 5 - 10 years, and the rest 4.8% were the respondents with work experience of more than 10 years.

5. Respondents' Position

Based on the respondents' position, there were five categories. The results of the analysis based on the respondents' position can be seen in Table 4.13.

Table 4.13 Respondents' Characteristics Based on Position

Position	Count	Percentage
Junior	21	33.3%
Senior	23	36.5%
Supervisor	10	15.9%
Manager	6	9.5%
Others	3	4.8%
Total	63	100.0%

Source: primary data processed, 2018

Table 4.13 describes that the auditor staff at Accounting Firms in Yogyakarta were mostly respondents with position as senior accountant (36.5%). There were33.3% of the respondents with the position of junior accountant, 15.9% of the respondents with the position of supervisor, 9.5% of the respondents with the position of manager, and the rest 4.8% were the respondents with other positions, such as partner.

6. Respondents' Audit Training

Based on the respondents' audit training, there were seven categories. The results of the analysis based on the respondents' characteristics of audit training can be seen in Table 4.14.

Table 4.14 Respondents' Characteristics Based on Audit Training

Work Experience	Count	Percentage
≤ 2 times	20	31.7%
3 – 5 times	27	42.9%
6 – 10 times	13	20.6%
> 10 times	3	4.8%
Total	63	100.0%

Source: primary data processed, 2018

The Table 4.14 describes that the auditor staff at Accounting Firms in Yogyakarta were mostly respondents with audit training of 3 - 5 times (42.9%). There were31.7% of the respondents with audit training up to 2 times, 20.6% of the respondents with audit training of 6 and 10 times, and the rest 4.8% were the respondents with audit training of more than 10 times.

C. Descriptive Statistics

1. Descriptive Analysis of Competency

The results of the descriptive analysis of competency variable can be seen in Table 4.15.

Table 4.15 Descriptive Analysis of Competency

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 4.030 (High)
Low	1.81 – 2.60	4	6.3%	
Moderate	2.61 – 3.40	1	1.6%	
High	3.41 – 4.20	29	46.0%	
Very High	4.21 – 5.00	29	46.0%	
	Total	63	100.0%	

Source: primary data processed, 2018

From the Table 4.15,it can be seen that the mean value of competency variable was 4.030 with the interval of 3.41 – 4.20 or classified as 'high'. It means that the respondents highly believed that their office always maintain the competency in providing the audit services.

2. Descriptive Analysis of Independency

The results of the descriptive analysis of variable independency can be seen in Table 4.16.

Table 4.16 Descriptive Analysis of Independency

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 3.864 (High)
Low	1.81 – 2.60	0	0.0%	
Moderate	2.61 – 3.40	14	22.2%	
High	3.41 – 4.20	36	57.1%	
Very High	4.21 – 5.00	13	20.6%	
	Total	63	100.0%	

Source: primary data processed, 2018

From the Table 4.16,it can be known that the mean value of independent variable was 3.864 with the interval of 3.41 – 4.20 or classified as 'high'. It means that the respondents highly believed that their office always maintain the independency in providing the audit services.

3. Descriptive Analysis of Accountability

The results of the descriptive analysis of accountability variable can be seen in Table 4.17.

Table 4.17 Descriptive Analysis of Accountability

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 3.941 (High)
Low	1.81 – 2.60	2	3.2%	
Moderate	2.61 – 3.40	2	3.2%	
High	3.41 – 4.20	45	71.4%	
Very High	4.21 – 5.00	14	22.2%	
	Total	63	100.0%	

Source: primary data processed, 2018

From the Table 4.17 above, it can be known that the mean value of accountability was 3.941 with the interval of 3.41 – 4.20 or classified as 'high'. It means that the respondents highly believed that their office always maintain the accountability in providing the audit services.

4. Descriptive Analysis of Time Budget Pressure

The results of the descriptive analysis of variable time budget pressure can be seen in Table 4.18.

Table 4.18 Descriptive Analysis of Time Budget Pressure

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 3.955 (High)
Low	1.81 – 2.60	0	0.0%	
Moderate	2.61 – 3.40	7	11.1%	
High	3.41 – 4.20	33	52.4%	
Very High	4.21 – 5.00	23	36.5%	
	Total	63	100.0%	

Source: primary data processed, 2018

From Table 4.18, it can be known that the mean value of time budget pressure variable was 3.955 with the interval of 3.41 – 4.20 or classified as ‘high’. It means that the respondents perceived that there was high time budget pressure while providing the audit services.

5. Descriptive Analysis of Due Professional Care

The results of the descriptive analysis of due professional care variable can be seen in Table 4.19.

Table 4.19 Descriptive Analysis of Due Professional Care

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 3.889 (High)
Low	1.81 – 2.60	4	6.3%	
Moderate	2.61 – 3.40	4	6.3%	
High	3.41 – 4.20	38	60.3%	
Very High	4.21 – 5.00	17	27.0%	
	Total	63	100.0%	

Source: primary data processed, 2018

From the Table4.19,it can be known that the mean value of due professional care variable was 3.01 with the interval of 3.41 – 4.20 or classified as ‘high’. It means that the respondents highly believed that their office always maintain the professional care in providing the audit services.

6. Descriptive Analysis of Audit Quality

The results of the descriptive analysis of audit quality can be seen in Table 4.20.

Table 4.20 Descriptive Analysis of Audit Quality

Categories	Interval	Count	Percentage	Notes
Very Low	1.00 – 1.80	0	0.0%	Mean = 3.960 (High)
Low	1.81 – 2.60	0	0.0%	
Moderate	2.61 – 3.40	10	15.9%	
High	3.41 – 4.20	33	52.4%	
Very High	4.21 – 5.00	20	31.7%	
Total		63	100.0%	

Source: primary data processed, 2018

From the table above, it can be known that the mean value of audit quality was 3.960 with the interval of 3.41 – 4.20 or classified as 'high'. It means that the respondents highly believed that their office always maintain the quality in providing the audit services.

D. Statistical Data Analysis

This research used multiple regression analysis as the statistical tool for hypothesis testing. This statistic method was used to find out the influence of competency, independency, accountability, time budget pressure and due professional on the audit quality of the accountant in Yogyakarta.

1. Classical Assumptions Test

The model must meet the classical assumptions of the linear regression, which consisted of heteroscedasticity, multicollinearity and normality. The result of each assumption tests using SPSS software were described below:

a. Multicollinearity Test

Multicollinearity test was purposed to check whether there were correlations found among independent variables in regression model. The present of multicollinearity was detected by analyzing the Variance Inflation Factor (VIF) and the tolerance. The results of the multicollinearity test by using SPSS 21.0 for Windows is presented in Table 4.21.

Table 4.21 The Multicollinearity Test Output

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	,613	1,630
	X2	,704	1,419
	X3	,695	1,439
	X4	,657	1,521
	X5	,834	1,199

a. Dependent Variable: Y

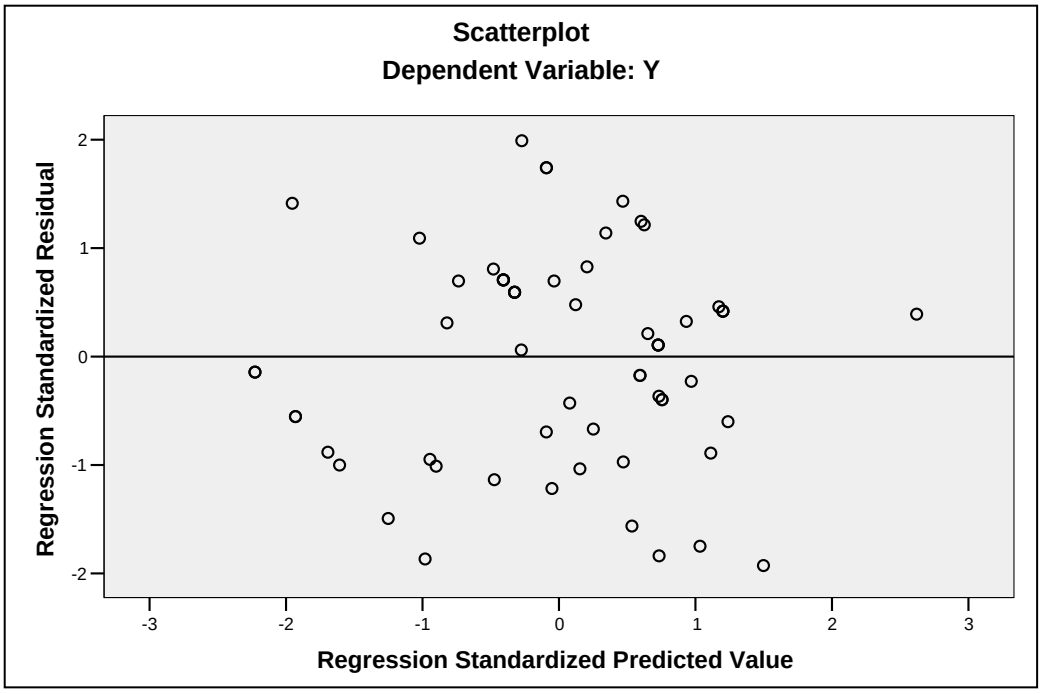
Source: primary data processed, 2018

Since the values of VIF in the Table 4.21 did exceed 10 and the values of tolerance were not less than 0.1. It can be concluded that there is no multicollinearity among independent variables in the regression model.

b. Heteroscedasticity Test

Heteroscedasticity test was purposed to detect whether there was variance inequality from the residual of one observation to other observations in the regression model. The scatter plot between the predicted value of independent variable (ZPRED) with its residual (ZRESID) was used to detect the existence

of heteroscedasticity. The result of scatter plot for the heteroscedasticity test by using SPSS 21.0 for Windows can be seen in the Figure 4.1.



Source: primary data processed, 2018.

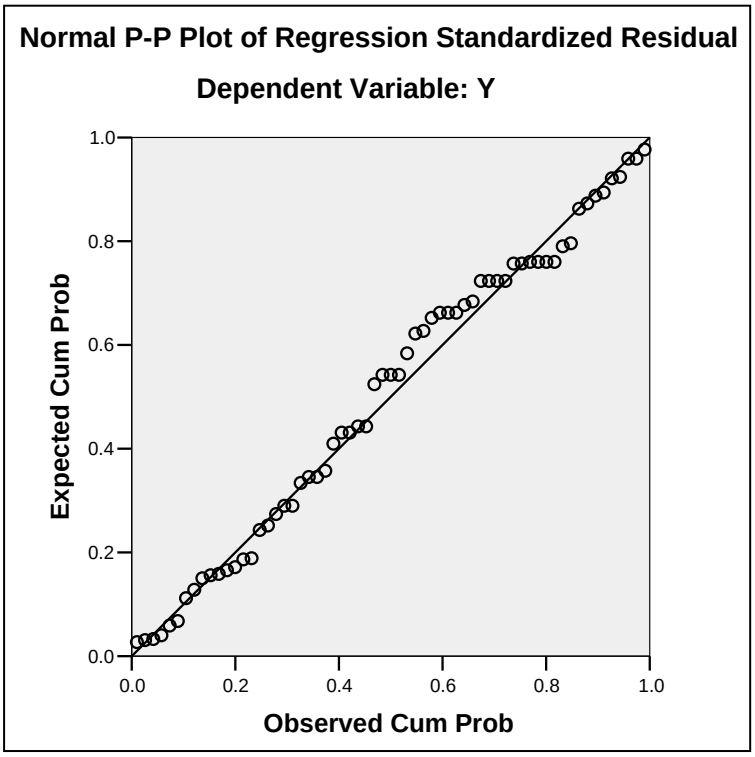
Figure 4.1. The Scatter Plot for The Heteroscedasticity Test

Figure 4.1 illustrates that the dots on the scatter plot showed no certain pattern and the points were spread above and below zero (0) on the Y axis. It indicated that the model met the assumption of heteroscedasticity.

c. Normality Test

Normality test aimed to test whether the regression model, the residual variable, had normal distribution. To detect normality, if the dots on the normal P-P plot were spread around the diagonal line and follow the direction of the diagonal line, the regression model meet the assumption of normality.

The result of the normal P-P plot for the normality test by using SPSS 21.0 for Windows can be seen in the Figure 4.3.



Source: primary data processed, 2018.

Figure 4.2. The Normal P-P Plot for the Normality Test

The result of the normality test above shows that the dots on the normal P-P plot were spread around the diagonal line and followed the direction of the diagonal line. Accordingly, it can be concluded that the regression model met the assumption of normality.

2. Multiple Regression Analysis

The research employed multiple regression analysis to test the hypothesis. Multiple regression analysis was used to estimate the coefficient values generated from the linear model which involved independent variables to predict the value

of the dependent variable. The results of multiple regression analysis by using SPSS 21.0 for Windows were summarized in Table 4.22 below.

Table 4.22 The Regression Analysis Output

Variables	Coefficient	t statistics	p value
Constant	-0.636		
Competency	0.319	4.066	0.000
Independency	0.212	2.637	0.011
Accountability	0.222	2.535	0.014
Time budget pressure	0.188	2.501	0.015
Due professional care	0.226	3.535	0.001
	R^2 = 0.675		F statistic = 23.692
			F Sig. = 0.000

Source: primary data processed, 2018

Based on the result of the multiple regression analysis by using SPSS 21.0 for Windows, it can be interpreted as follow.

a. Regression Model

According to the result of the regression analysis in Table 4.22, it can be generated that the regression equation which represents the causal relationship between the independent variables and the dependent variable is as follow:

$$Y = -0.636 + 0.319X_1 + 0.212X_2 + 0.222X_3 + 0.188X_4 + 0.226X_5$$

Where:

Y = Audit quality

X_1 = Competency

X_2 = Independency

X_3 = Accountability

X_4 = Time budget pressure

X_5 = Due professional care

b. Statistical Test

The statistical test is carried out by using t-test and the coefficient of determination (R square).

1) T-test

The t-test was performed to determine the effect of each independent variable partially on the dependent variable. The t test was conducted by examining the coefficients in the model which were presented in regression output. If the regression coefficient was significant, the hypothesis of the research was accepted. The results of t test by using SPSS 21.0 for Windows is presented in Table 4.23.

Table 4.23 The t Test Output

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,636	,442		-1,439	,156
	X1	,319	,078	,392	4,066	,000
	X2	,212	,081	,237	2,637	,011
	X3	,222	,088	,230	2,535	,014
	X4	,188	,075	,233	2,501	,015
	X5	,226	,064	,292	3,535	,001

a. Dependent Variable: Y

Source: primary data processed, 2018

According to the results of the regression coefficient as presented in the Table 4.2, the hypothesis testing can be interpreted as follow.

a) The coefficient of variable X_1 (competency) estimate was 0.319 with p value of 0.000 since the regression coefficient of variable X_1

(competency) was positive and significant ($p < 0.05$). Hence, the hypothesis 1 which stated that competency has positive influence on the audit quality was accepted.

b) The coefficient of variable X_2 (independency) estimate was 0.212 with p value of 0.011 since the regression coefficient of variable X_2 (independency) was positive and significant ($p < 0.05$). Hence, the hypothesis 2 which stated that independency has positive influence on the audit quality was accepted.

c) The coefficient of variable X_3 (accountability) estimate was 0.222 with p value of 0.014 since the regression coefficient of variable X_3 (accountability) was positive and significant ($p < 0.05$). Hence, the hypothesis 3 which stated that accountability has positive influence on the audit quality was accepted.

d) The coefficient of variable X_4 (time budget pressure) estimate was 0.188 with p value of 0.015 since the regression coefficient of variable X_4 (time budget pressure) was positive and significant ($p < 0.05$). Hence, the hypothesis 4 which stated that time budget pressure has positive influence on the audit quality was accepted.

e) The coefficient of variable X_5 (due professional care) estimate was 0.226 with p value of 0.001 since the regression coefficient of variable X_5 (due professional care) was positive and significant ($p < 0.05$).

Hence, the hypothesis 5 which stated that due professional care has positive influence on the audit quality was accepted.

2) The Coefficient of Determination (R square)

The coefficient of determination or R square (R^2) represented the ratio of the amount of the variance that would be explained by the relationship between the independent variables and the dependent variable. The results of the coefficient of determination using SPSS 21.0 for Windows is presented in Table 4.24.

Table 4.24 The R Square Output

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,822[a]	,675	,647	,25844	1,865

a. Predictors: (Constant), X5, X3, X4, X2, X1

b. Dependent Variable: Y

Source: primary data processed, 2018

The result of the coefficient of determination in Table 4.24 shows that the R square of the model was 0.675 or 67.5%. It can be said that 67.5% of the dependent variable was explained by the independent variable, while the rest 32.5% was explained by the other reasons outside the model. The larger R square (close to 1) indicated good fit between dependent variable and independent variables.

From the results of multiple regression analysis, the hypothesis test can be summarized in Table 4.25 below.

Table 4.25 The Summary of Hypothesis Test

Hypothesis	Results
Hypothesis 1: Competency has positive influence on the audit quality.	Accepted
Hypothesis 2: Independency has positive influence on the audit quality.	Accepted
Hypothesis 3: Accountability has positive influence on the audit quality.	Accepted
Hypothesis 4: Time budget pressure has positive influence on the audit quality.	Accepted
Hypothesis 5: Due professional care has positive influence on the audit quality.	Accepted

E. Discussion

The results of multiple regression analysis showed that competency variable had significant and positive influence on audit quality of the accountant in Yogyakarta. This indicated that if the competency increased, the audit quality of the accountant in Yogyakarta would also increase. According to Sinnott, et al. (2002) in Hadisantoso, et al. (2017), competence can be defined as a characteristic of individuals who contribute successful job performance and achieving organizational results. Competence can be understood as a combination of skills, personal attributes, and knowledge is reflected through performance behaviors that can be observed, measured and evaluated. The knowledge gained from education, expertise, skills and experience of someone in work. The finding of this research supported the previous research by Dwimilten and Riduwan (2015) which showed that the competency has positive influence on the audit quality. It means that the qualified audit is obtained

from the high competency of auditors. This research also supported previous research by Putri, et al. (2015) which found that competency of Certified Public Accountant firm had significant influence toward audit quality of auditor in Certified Public Accountant firm in Semarang.

The independency variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the independency increased, the attitude of the audit quality of the accountant in Yogyakarta would also increase. Independence is one of the ethical components which should be maintained by public accountant. According to Christiawan (2002), all auditors must keep their integrity and objectivity in their professional duties and they have to be independent from all conflicting interest or illicit influence. According to the Accountant's Code of Ethics in Mayangsari (2003), independence is an attitude of which an auditor should not have personal interest in carrying out his/her duties which contradict the principle of integrity and objectivity. The finding of this research supported the previous research by Putri et al. (2015) which found that independency of Certified Public Accountant firm had significant influence toward audit quality of auditor in Certified Public Accountant firm. The finding was also in accordance with the study of Hastuti, et al. (2017) which showed that independency had significant and partial influence on the audit quality.

The accountability variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the accountability

increased, the audit quality of the accountant in Yogyakarta would also increase. Lerner and Tetlock (1999) stated that accountability is a logically complex construct that interacts with characteristics of decision makers and properties of the task environment to produce an array of effects -- only some of which are beneficial. Earl and LeMahieu (1997) stated that accountability is the conversation about what the information means and how it fits with everything else that we know, and about how to use it to make positive changes. Barata et al. (1999) stated that accountability has been defined as the obligation of anyone handling resources, public office or other position of trust to report on the intended use of the resources of the designated office. The finding compliant with a study by Nirmala and Cahyonowati (2013) that accountability influenced audit quality. The finding of this research also supported the previous research by Dwimilten and Riduwan (2015) which showed that the accountability has positive influence on the audit quality. It means that the qualified audit is obtained from the high accountability of auditors.

The time budget pressure variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the time budget pressure increased, the audit quality of the accountant in Yogyakarta would also increase. Coram, et al. (2004) stated that time budget pressure is a type of timing issues which is often occur and perceived by the professional accountant. It is related with limitedness of time and the amount of work. According to Ahituv et al. (1998), the time budget pressure is able to influence a person’s performance which the

auditor is often work in a limited time, so it can influence its performance to gain a quality audit. The finding of this research supported the previous research by Dwimilten and Riduwan (2015) which showed that the time budget pressure has positive influence to the audit quality. It means that the qualified audit is obtained from the high time budget pressure of auditors. This research also supported previous research by Cholifa and Suryono (2015) which showed that when the level of time budget pressure which is owned by an auditor is getting high, the audit quality which is generated by the auditor is getting better as well.

The due professional care variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the due professional care increased, the audit quality of the accountant in Yogyakarta would also increase. Due professional care was an important self-requirement to be implemented in audit field. Research done by Singgih and Bawono (2010) provided empirical evidence that due professional care is a factor that affects the quality of the audit. Louwers et al. in Singgih and Bawono (2004) concluded that the failure of the audit in the fraud case transaction was due to a lack of skepticism and due professional care auditors rather than deficiencies in auditing standards. The finding of this research supported the previous research by Cholifa and Suryono (2015). When the level of due professional care which is owned by an auditor is getting high, the audit quality which is generated by the auditor is getting better as well. The

finding of this research also supported the previous research by Nirmala and Cahyonowati (2013).

CHAPTER V

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

A. Conclusions

Based on the result, the influence of competency, independency, accountability, time budget pressure and due professional care on the audit quality of the accountant in Yogyakarta as the sample can be concluded as follows:

1. The competency variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the competency increased, the audit quality of the accountant in Yogyakarta would also increase.
2. The independency variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the independence increased, the attitude of the audit quality of the accountant in Yogyakarta would also increase.
3. The accountability variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the accountability increased, the audit quality of the accountant in Yogyakarta would also increase.
4. The time budget pressure variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the time budget pressure increased, the audit quality of the accountant in Yogyakarta would also increase.

5. The due professional care variable had significant and positive influence on the audit quality of the accountant in Yogyakarta. This indicated that if the due professional care increased, the audit quality of the accountant in Yogyakarta would also increase.

B. Limitations

There are some limitations in this research that may affect the results of this research. These limitations include:

1. The independent variables in this research were only five independent variables. Thus, there was still possibility of contribution of other variables that may affect the quality of the audit.
2. This research was conducted in November 2017. It was the month when auditor got busy of their task. It caused delay for the auditor to completed the questionnaire.
3. The sample used in this research was independent auditors on 7 (seven) Public Accounting Firm (KAP) in Yogyakarta City.
4. The data collected using questionnaires. Thus, there was possibility of respondents to fill in questionnaires who were not serious and can generate biased results.

C. Recommendations

According to the research findings, the writer suggests the following recommendations:

1. For the Accounting Firms, the writer suggests to improve the quality of audit service. The research finding showed that the quality of audit service among the Accounting Firms in Yogyakarta are highly expected by the clients.
2. The writer suggests the auditors to increase their competency with the aim of increasing the quality on audit service. The clients would emphasize that using audit service which is free of errors. Therefore the clients are motivated to use the audit service continuously.
3. The writer suggests for the future research to use another variables in analyzing the factors that plausibly affecting the audit quality of the Accounting Firms.
4. For the future research, the writer also suggests to enlarge the research object in order to present more generalized research findings.

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