

Effect of Competence and Auditor Independence on Audit Quality with Audit Time Budget and Professional Commitment as a Moderation Variable

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ABSTRACT: *High audit quality shows that auditors can detect financial statements containing misstatements material, and they can reduce the asymmetry information between principal and agent, and they can guarantee the stakeholder's interests. Regarding to this opinion, this study has three aims. First was to test effect of auditors' competence and independence on audit quality. Second was to test whether audit time budget could moderate effect of auditors' competence and independence on audit quality. Third was to test whether the professional commitment moderate effect of auditor's competence and independence on audit quality. Analysis units of this study were 918 public accountants in Indonesia in 2012. Data were collected by sending questionnaires. Samples of 278 were selected randomly. However, collected data were 178 ones. Analytical technique used was Partial Least Square (PLS). Test results proved that first, auditor's competence and independence positively affect on audit quality. It means the higher auditor's competence and independence, the higher audit quality. Second, audit time budget weaken effect of auditor's competence and independence on audit quality. It means the smaller audit time budget, the greater effect of auditor's competence and independence on audit quality. Third, professional commitment strengthens effect of auditor's competence and independence on audit quality. It means the stronger professional commitment, the higher effect of auditor's competence and independence on audit quality.*

KEYWORDS: *audit quality, auditor's competence, auditor's independence, audit time budget, professional commitment.*

I. INTRODUCTION

Reliability and accuracy of financial information presentation and disclosure are important to get investors confidence at capital market. Investor confidence to financial statements issuer can be increased when audited by competent and independent public accountants. Public accountants always maintain audit quality based on Public Accountants Professional Standards and Code of Professional Ethics of Certified Public Accountants for survival of its clients, investors of audited company, and Public Accounting Firm itself. However, in reality it is not happened.

Some example in Indonesia that coming to surface related to "cooking" financial statements issues are PT Kimia Farma and PT Bank Lippo. PT Kimia Farma reported a profit of Rp 132 billion. In fact, it make a profit of Rp 99 billion. Meanwhile, PT Bank Lippo publicly reported Rp 98 billion profit. However, in few next months the financial statements submitted to Jakarta Stock Exchange stated that company loss Rp 1.3 trillion (Gumanti, 2003). This action makes hundreds of audited financial statements quality become "questionable" (Soeratin, 2010).

These issues are a symptom of problem that generated from low quality by public accountants. It potentially creates uncertainty in quality and reliability of information presented in audited financial statements. Therefore, it is considered important to conduct this study to explore variables affecting audit quality.

Associated with audit quality, DeAngelo (1981) proved that audit quality is determined by two factors, namely auditor competence in finding a client breach in accounting system and auditor independence to report findings. Audit quality of DeAngelo (1981) has been re-examined by several researchers, among them Schroeder et al. (1986), Deis and Giroux (1992), Carcello et al. (1992), Sutton (1993), Behn et al. (1997), Moizer (1998), Warming and Jensen (2001), Duff (2004), Jaffar et al. (2005), Baotham and Ussahawanitchakit (2009), and Alexander et al. (2010).

These researchers' results show a significance conflict. Therefore, audit time budget and professional commitment is included as moderation variable the effect of competence and independence of auditors on audit quality. Including audit time budget and professional commitment as a moderation variable is to known whether

audit time budgets and professional commitment can strengthen or weaken effect of competence and independence of auditors on audit quality?

Audit time budget in this study is included as a moderation variable the effect of competence and independence of auditors on audit quality based on emotion theory of James (1950) and Lange (1922) in King (2007), which states that emotions are result of a person's perception in response to various stimuli from outside. Meanwhile, professional commitment in this study is included as a moderation variable the effect of competence and independence of auditors on audit quality based on attitude theory of Allport (1935) in Anwar (1995:5), which states that attitude is potential predisposition to respond in a certain way when individuals are faced a stimulus that requires a response (either positive or negative). Furthermore, it is explained that gesture contains three components: cognitive, affective, and conative.

Based on above description, this study aims are: (a) examining and explaining effect of auditors competence on audit quality ; (b) examining and explaining effect of auditor independence on audit quality ; (c) examining and explaining whether audit time budget moderate the effect of auditors competence on audit quality ; (d) examining and explaining whether audit time budget moderate effect of auditor independence on audit quality ; (e) examining and explaining whether professional commitment moderate effect of auditors competence on audit quality ; (f) examining and explaining whether professional commitment moderate effect of auditor independence on audit quality ;

Theoretical contribution of this study are : first, giving a better understanding on audit quality from DeAngelo (1981) to include a time budget and audit professional commitment as a moderation variable the effect auditor competence and independence on audit quality. Second, developing a theoretical framework to treat audit quality as a construct of several variables, namely competence, independence, audit time budget, and professional commitment that better defined through empirical indicators. Practical contribution of this research is to provide guidance for CPAs or Public Accounting Firm to improve audit quality by considering determinant variables, namely: auditor's competence, auditor's independence, audit time budget, and professional commitment with their indicators.

II. THEORY REVIEW, CONCEPTUAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.1 Theory Review

2.1.1 Quality Audit

DeAngelo (1981) said that audit quality is probability combination of competent auditors to found violations in client's accounting system and to report their findings independently. Audit quality is measured by two formative indicators, namely : (a) auditor's reputation where MacMillan et al. (2004) showed that reputation is public perceptions about auditor past performance regarding to audit quality and standards of professional conduct that are consistent in auditing process and (b) industry specialist auditors where Mayhew and Wilkins (2003) stated that auditors are that often assigned to specific industries become very adept to identify and addressing the problems of specific industry audit, resulting in a high quality audit.

2.1.2 Competence

Lasmahadi (2002) stated that competence is personal attributes of a person which enables to achieve superior performance. Auditor competence was measured with four formative indicators, namely : (a) planning, where Dikolli (2004) stated that existence of a good audit planning makes auditor will potentially have competence to find material misstatements and in audit planning should consider client 's internal control system, audit risk, and substantive testing procedures ; (b) knowledge, where Tan and Libby (1997) stated that knowledge is one determinants of technical competence and very useful in auditors tasks structured; (c) experience, where Colbert (1989) stated that an experienced auditor will makes judgment with a lower error rate than inexperienced auditors so effecting competence ; and (d) supervision, where Malone and Roberts (1996) stated that strong supervision will prevent auditor possibility to act that reduce audit quality and supervised audit processes tends to produce a correct disclosure and higher audit quality.

2.1.3 Independence

Sridharan et al. (2002) stated that auditor's independence is a not bias mental attitude to make decision in all audit and reporting. Auditor independence was measured with four formative indicators, namely : (a) audit market competition, where Beattie et al. (1999) said that audit market competition is reflected by high competitive prices that affect to reduce number of qualified personnel resources, so the risk to decline competence and independence of auditor ; (b) economic dependence, where Deis and Giroux (1992) stated that under high economic conditions the dependence can be used by client to oppress auditor by auditors change. This can make auditor will not be able to avoid client pressures, thus causing them to weaken independence ; (c) non-audit services, where Ashbaugh (2004) stated that high presence of non-audit services will create high

economic bond between auditor and client, so it can cause a loss of auditor independence ; and (d) auditor assignment period where Dye (1991) stated that existence of long-term assignment potentially can undermine auditor independence, because it can foster closeness between management and auditors.

2.1.4 Audit Time Budget

DeZoort (1998) stated that audit time budget is firm budget time because of limited resources allocated to implement auditing. Audit time budget is measured with two reflective indicators, namely (a) time budget, where DeZoort (1998) relate budget time budget to control the amount of time for an overall audit work; and (b) time limit, where DeZoort (1998) relate time limit to budget deadline to complete any audit work at date/time specified.

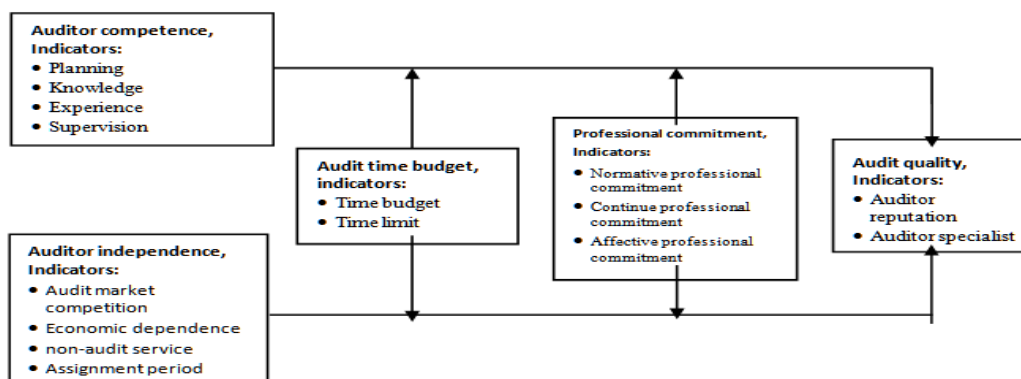
2.1.5 Professional Commitment

Aranya and Ferris (1984) stated that professional commitment is a person's love and courage to carry duties is charged based on rules and norms within profession. Professional commitment is measured by three reflective indicators of Hall et al. (2005), namely : (a) normative professional commitments regarding to auditors feelings must remain in profession, because he felt an obligation or duty rightly made on benefit provided by a professional organization ; (b) continuous professional commitments regarding to auditor awareness should be in profession, because of costs or losses to be borne by auditors (eg financial loss) in connection in losing of auditor's professional organization ; and (c) affective professional commitment regarding to desire to want to be in a profession, because auditor was having an emotional bond or have the same values with profession organization.

2.2 Conceptual Framework

Based on theory review above, it can be made the following conceptual framework.

Figure 1. Research conceptual Framework



2.3 Hypothesis Development

2.3.1 Effect of Auditor Competence (X1) on Audit Quality (Y1)

Watkins et al. (2004) proved that auditor competence to find and eliminating material misstatement and manipulation in financial statements affect on audit quality. Furthermore, Lee and Stone (1995) also proved that competence and independence affect on audit quality. Perry (1984) also proved that there are four factors that affecting audit quality namely budget scope, incompetent, critically evaluate the transaction, and not independent. Incompetent and independent is the dominant factor affecting audit quality. Therefore, this study hypothesis is:

H1: auditor competence has a positive effect on audit quality

2.3.2 Effect of Auditor Independence (X2) on Audit Quality (Y1)

Mojtahedzadeh and Aghaei (2005) proved that auditor independence is a decisive factor in public accounting profession. Without independence, audit detection task to find material misstatement is questionable, because bias reports have low effect on audit quality. Furthermore, Wooten (2003) proved that auditor independence is an important factor to affects audit quality. Hussey and Lan (2001) also proved that an audit can only be qualified if auditor become independent to report violations of agreement between principal and agent. Therefore, this study hypothesis is:

H2: Auditor's independence has a positive effect on audit quality

2.3.3 Audit Time Budget (X3) Moderate the Effect of Auditor Competence on Audit Quality (Y1)

Arnold et al. (2000) proved that a strict time budget in auditing environmental will decline auditor competence through narrowed scope; reduce certain audit procedures, reliance on evidence of lower quality, and removal of some of audit procedures. Mann and Tan (1993) concluded that tight budget times often lead to high stress for auditor which is characterized by a decline in thinking and assessment, the narrowing in election perception, indecision, and incomplete and indiscriminate in seeking information which could reduce auditors competence. Therefore, this study hypothesis is:

H3: Audit time budget strengthen effect of auditors competence on audit quality

2.3.4 Audit Time Budget (X3) Moderates Effect of Auditor Independence on Audit Quality (Y1)

Rigorous audit time budget arises from an imbalance between the task and time available that cause stress to affects auditors professional ethics through attitude, intention, attention, and behavior of auditors (DeZoort, 1998 and Braun, 2000). As a result, auditor independence decreases and it will increase risk that an audit opinion is not right, so it can be detrimental to users of audited financial statements (McNair, 1991). Meanwhile, Smith et al. (1997) proved that a tight time budget audits often lead to unintended negative effect on independence that affecting audit quality. Therefore, this study hypothesis is:

H4: Budget time audit strengthen effect of auditor independence on audit quality

2.3.5 Professional Commitment (X4) Moderates Effect of Auditor Competence on Audit Quality (Y1)

Professional commitment is an important factor in an individual's behavior within profession context. Auditors with a high level of professional commitment tend more competent and independent in addressing issues related to inter-role conflict and remain focused on job (Lui et al., 2001). While Yetmar (2005) proved that high professional commitment is reflected in sensitivity to issues of professional ethics to raise competence and independence of auditor. Therefore, this study hypothesis is:

H5: Professional commitment strengthen effect of auditor's competence on audit quality

2.3.6 Audit Professional Commitment (X4) Moderates Effect of Auditor Independence on Audit Quality (Y1)

Greenfield et al. (2007) proved that high professional commitment can become a factor to increase competence and independence of auditor. Study results of Shaub et al. (1993) concluded that one important component of this commitment is basis of professional standards and ethics are used as the basis for public accounting practice so can increase auditor competence and independence in decision making. Therefore, this study hypothesis is:

H6: Audit professional commitment strengthens effect of auditor independence on audit quality

III. METHODS

3.1 Population and Sample

Population was a public accountant at accounting firm in Indonesia in 2012 which obtained a license from Minister of Finance, not under leave condition, and other causes, with amount of 918 public accountants. Furthermore, samples are selected randomly in reference to formula of Slovin Umar (2000:68) as many as 278 public accountants.

3.2 Data Types and Data Collection

This study uses primary data in form of a public accountant's perception of auditor's competence, auditor independence, audit time budget, professional commitment, and audits quality. Data were collected through questionnaires. Respondents is provided five qualitative alternative answers, then it be quantified by giving a score to each answer using a Likert scale, from strongly agree (5) to strongly disagree (1) (Sekaran, 2006).

3.3 Data Analysis Techniques

Hypotheses 1 through 4 are tested by Partial Least Square (PLS) with following equation.

$$y_1 = b_0 + b_1x_1 + b_2x_2 + b_3x_1*x_3 + b_4x_2*x_3 + b_5x_1*x_4 + b_6x_2*x_4 + e$$

where: y_1 = audit quality

x_1 = auditors competence

x_2 = auditor independence

x_3 = audit time budget

x_4 = professional commitment

b_1, \dots, b_6 = regression coefficient

e = other variables not included in model (confounding variables)

Response bias, validity, reliability, linearity, and goodness of fit models is tested before PLS analysis be done,

IV. RESULTS

4.1 Data Collection Results

Data collection results through questionnaire delivery are presented in Table 1 below.

Table 1. Details of Shipping and Returns Questionnaire

No	Questionnaire Delivery	Sent	Return (%)
1	Stage 1	278	64 (23%)
2	Stage 2 (repetition for not response at stage 1)	214	58 (27%)
3	Stage 3 (repetition for not response at stage 2)	156	56 (36%)
Total		648	178 (27%)

Sources: Primary data processed

Table 1 shows that total of 648 questionnaires were sent and received 178 or 27 percent response. Thus, the amount of data to be analyzed as many as 178.

4.2 Testing Results of Response Bias, Validity, reliability, linearity, and Goodness of Fit Model

Response bias test results by using Kolmogorov -Smirnov Z indicates that value of asymmetry significance or p value of each variable greater alpha 5 %. These results indicate that there is no response bias. Validity result using Pearson correlation test showed that p-value is smaller 0:05. These results indicate that items in questionnaire are valid. Meanwhile, the results of the reliability test using Cronbach alpha indicates that Cronbach alpha values exceeding 0.6. These results indicate that items in questionnaire revealed reliable. linearity assumption test results using Curve Fit linear model indicates that significant for the fourth hypothesis is smaller than 0.05 for all possible models. This result indicates the model is linear. Goodness of Fit model test results using R² value is 0.6873 or 68.73 percent. It indicates that data can explain information 68.73 percent by model. The remaining 31.27 percent is explained by other variables (outside of model) and error. These results say that PLS model is well formed. Thus, the model can be used for hypothesis testing.

4.3 Hypothesis Testing Results and Discussion

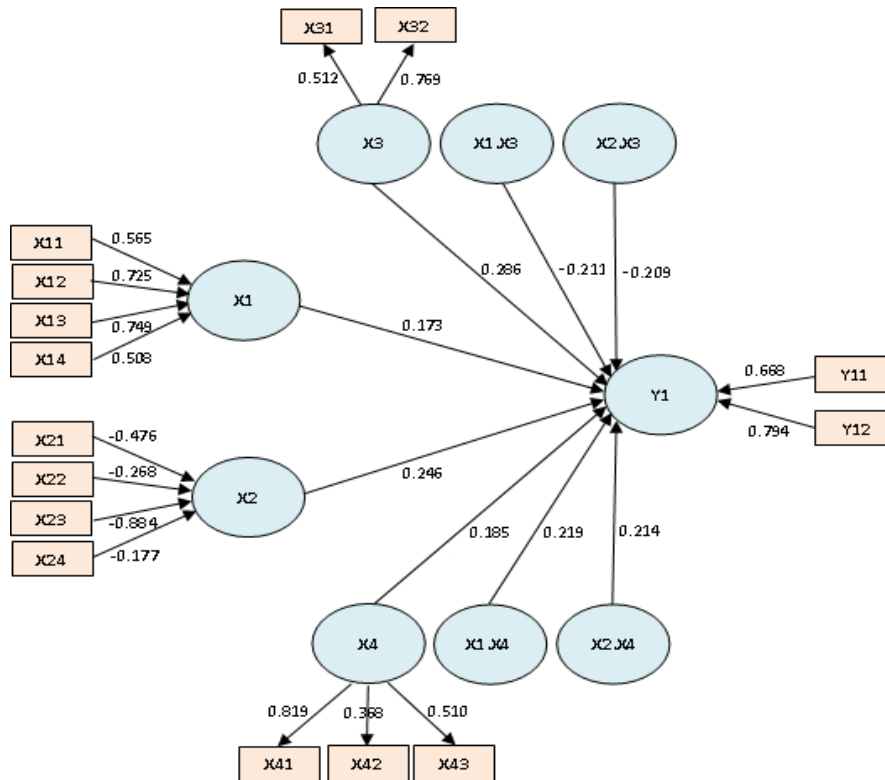
Hypothesis testing results using PLS are presented in Table 2 and Figure 2 below.

Table 2. Coefficient estimates, t-stat, and p-value of hypothesis tests

Relation	Estimation coefficient	t-stat	p-value
Auditor competence (x1) → Audit quality (y1)	0.173	2.267	0.023
Auditor independence (x2) → Audit quality (y1)	0.246	3.184	0.001
Audit time budget (x3) → Audit quality (y1)	0.286	3.950	0.000
Professional commitment (x4) → Audit quality (y1)	0.185	2.187	0.029
x1*x3 → Audit quality (y1)	-0.211	2.820	0.005
x1*x4 → Audit quality (y1)	0.219	3.168	0.002
x2*x3 → Audit quality (y1)	-0.209	3.021	0.003
x2*x4 → Audit quality (y1)	0.214	3.421	0.001

Sources: Primary data processed in 2012

Figure 1. Diagram of Hypothesis Testing Results Using PLS



4.3.1 Effect of Auditor Competence (X1) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value of 0.023 is smaller and alpha 5 %, t-stat 2.267 is greater 1.96. Estimated value of coefficient 0.273 for inner weight is positive. This indicates a positive relationship. It means the higher auditor's competence, the higher audit quality. Thus, first hypothesis which states that auditor's competence has a positive effect on audit quality is accepted.

This study results are supported by research of Schroder et al. (1986) and Duff (2004) which proved that attribute to determine audit quality is auditors competence. In addition, empirical data show that auditor's competence is formed by good audit planning, knowledge, experience, and supervision. This is indicated by mean value of 4.0. Meanwhile, the PLS results showed that experience indicator show major effect on auditor competence (first order) with outer weight 0.849, t-stat 3.128 > 1.96, 0.000 and p-value of <0.05. Therefore, the experience is considered the most important indicators by respondents to form auditor's competence. This argument is supported by Bouwman and Bradley (2004) that auditor experience is an important element in inspection task. Experience can be gained from work. By doing the work, especially for repetitive tasks and routines (such as auditing), auditor can get a chance to do a better job and can make better decisions as well. So, will support competence. Furthermore, Tubbs (1992) states that subject with more audit experience will more competent find more errors and mistakes items than auditor who has less experience. Furthermore, Simanjutak (2005:88) stated that work experience can deepen and expand job competence. The more often a person doing the same job, the more skilled and sooner he finished the job. The more work a person does, the more rich experience and extensive work and enables to increase performance.

4.3.2 Effect of Auditor Independence (X1) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value of 0.001 is smaller than alpha of 0.05 and t-stat 3,184 is greater than 1.96. Estimated value of coefficient 0.346 for the inner weight is positive. This indicates a positive relationship. It means the higher auditor independence, the higher audit quality. Therefore, second hypothesis that auditor independence has a positive effect on audit quality is accepted.

This study results are supported by research Schroder et al. (1986), Deis and Giroux (1992), Warming and Jensen (2001), Baotham and Ussahawanitchakit (2009), and Alexander et al. (2010) who state attributes that determine audit quality with main focus on moral and ethical issues is auditor independence. In addition,

empirical data indicate that auditor independence is formed by audit market competition, economic dependence, non-audit services, and future assignments, said to be good. This is indicated by mean value of 4.0. Meanwhile, the PLS results indicate that non-audit services indicator is a dominant indicator of auditor independence (first order) with outer weight -0.984, t-stat 4.184 > 1.96, 0.000 and p-value of <0.05. Therefore, the non-audit services are considered the most important indicators by respondents to form auditor independence.

This argument is supported by Shockley (1981) that accounting firm that providing management consulting services to clients who are audited can increase the risk to damage independence than those who do not provide such services. Ruddock et al. (2006) also proved that existence of non-audit services can lead to loss of auditor's independence. It is because revenue is tied to client through a large reception which is not related to auditing. Low independence makes value of audit services would be no benefit and its opinion will not give any additional value (Sweeney, 1995 and Mautz and Sharaf, 1993). In addition, DeAngelo (1981b) states that auditor's independence is the courage to tell "the truth although the truth is bad news" from the perspective of client. Furthermore, Cox (2000) suggested that auditor independence is very important to maintain confidence in integrity of financial reporting and capital markets. Therefore, auditor is required to maintain its independence, intellectual honesty, and free from interest conflicts (Marden and Edwards, 2002).

Therefore, independence should be viewed as one of most important characteristics of auditors. It is reason why so many people loss who hang their confidence in fairness of financial reporting by auditor's report is because they hope to get impartial opinions. Auditing standards stated that auditors should independent, meaning not easily affected because he was carrying out work for public interest. Public trust will decline if there is evidence that independence of auditor's attitude turned out to be reduced. Therefore, to be independent, auditor must be objective to expresses the fact.

4.3.3 Audit Time Budget (X3) Moderate Effect of Auditor Competence (X1) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value of 0.005 is smaller alpha of 0.05 and t-stat 2.820 is greater than 1.96. Estimated value of the coefficient inner weight -0.311 is negative. It indicates that negative relationship. It means the smaller audit time budget, the greater effect of auditor's competence on audit quality. Thus, third hypothesis which states that audit time budget strengthens effect of auditor's competence on audit quality is rejected.

This study results are supported by resilience theory of Grotberg (1995), which states that resilience is ability to confront and overcome the pressures of work or the pressures of life, grouped into four levels, namely succumbing, survival, recovery and thriving.

Based on resilience theory of Grotberg (1995), the this study results indicate that respondent's ability to confront and overcome audit time budget pressure at thriving level indicated that individuals are not only able to return to function before and when there is pressure, but resilient individuals would be able to confront and cope with stressful and challenging conditions, by bringing new capabilities that make individuals better. Individuals at level thriving has the following characteristics : a quiet demeanor, emotional control, ability, clear vision, a positive self-concept, commitment/responsibility to profession, experience, knowledge, desire to positive social relationships, and faith quality.

In order auditor able to face and overcome tight audit time budget, they should be fast forward (thriving) in resilience theory Grotberg (1995), the characteristics which have sufficient experience and knowledge. In connection with experience and knowledge, empirical data show that 46 percent of respondents have experience more than 7 years and 47 percent have been audited as much as 4 times a year. Furthermore, 51 percent of respondent's knowledge and skills that related to their professional knowledge are exceeding 24 SKP. Trotman and Wright (1996) states that work experience can deepen and extend workability. The more often a person doing the same job, the more skilled and sooner he finished the job. The more kinds of work a person does, the more rich and extensive work experience that enables increased performance. Furthermore, Libby and Frederick (1995) suggested that knowledge is information stored in memory that important for auditor, because when the environment audit changes, auditor needs to improve knowledge of best practices to make judgments.

This study results demonstrate that the smaller audit time budget, the greater effect of auditor's competence on audit quality. It is not necessarily that the smaller audit time budget, the greater effect of auditor's competence on audit quality. It is reminded by McNair (1991) that audit should be set with a time budget and a standard audit fee. Generally, auditors tend to establish not standards n audit fee. Fees that not appropriate with auditing standards will lead to shorter budget time and not measured accurately. PLS results indicate that time limit indicator is an indicator that reflects the large audit time budget (first order) with outer loading 0.869, t-stat 3.316 > 1.96, 0.001 and p-value of <0.05. Therefore, the deadline is considered most important indicators by respondents to reflect audit time budget.

This argument is supported by Eden (1982) that deadline is temporary time pressure which brings effect on high intensity. Pressure time at this moment looks more dangerous than time budget pressure. It deadline can makes auditors are required to complete a job immediately before the time/date specified. DeZoort (1998) states that deadline can be derived from the firm, clients, and third parties such as regulators. Deadline can appear suddenly (unexpectedly), so it create additional stress for auditor and unpredictable nature makes auditor more difficult to manage.

4.3.4 Audit Time Budget (X3) Moderate Effect of Auditor Independence (X2) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value of 0.003 is smaller than alpha of 0.05 and t-stat 3,021 is greater than 1.96. Estimated value of coefficient inner weight -0309 is negative. It indicates negative relationship (weaken). It means the smaller audit time budget, the greater effect of auditor independence on audit quality. Thus, the fourth hypothesis which states that audit time budget strengthens effect of auditor independence on audit quality is rejected.

This study results are supported by resilience theory of Grotberg (1995), namely one's ability to confront and overcome work or life pressures are grouped into four levels, namely level of succumbing, survival, recovery and thriving.

Based on resilience theory of Grotberg (1995), the this study results indicate that respondent's ability to confront and overcome audit time budget pressure at thriving level indicated that individuals are not only able to return to function before and when there is pressure, but resilient individuals would be able to confront and cope with stressful and challenging conditions, by bringing new capabilities that make individuals better. Individuals at level thriving has the following characteristics : a quiet demeanor, emotional control, ability, clear vision, a positive self-concept, commitment/responsibility to profession, experience, knowledge, desire to positive social relationships, and faith quality.

In relation with commitment to profession, Jeffrey et al. (1995) proved that accountants with high professional commitment considers important to adherence to standards and ethics to the improvement of moral development and ethics encourage sustainable development to increase their independence. So, in order that auditor able to face and overcome tight time budget audit, they must at advanced level rapidly (thriving) in resilience theory Grotberg (1995), the characteristics which have a high commitment to profession.

In addition, Waggoner and Cashell (1991) warned that to loose audit time budget can make auditors are not motivated to work harder. Adversely, too tight audit time budget can lead to counter-productive behavior. It is caused by presence of neglected tasks. The same thing also expressed by Kelly and Margheim (1990) that tight time budget can affect the auditor's behavior, which failed to examine the principles of accounting, document review superficially, the client receives a weak explanation, and reduce work quality on one step below level of audit accepted. Therefore, according to Braun (2000) it would impair auditor independence through a reduction in level of detection and investigation.

Sososutikno (2003) states that a tight audit time budget makes auditor is required to show the efficiency of the budget period prepared. For accounting firm, rigorous audit time budget is a condition that can not be avoided in face of competition climate. Accounting company should be able to make a proper audit time budget. Too long audit time budget create greater audit costs, so client will bear greater cost of audit. This could be counterproductive if clients choose more competitive accounting firm. Therefore, audit time budget should be realistic, not too long or too fast.

Audit time budget is necessary for auditors to perform their duties in order to meet client demand in a timely manner and be one key to success in future auditors careers. Therefore, criteria to get a good ranking are the achievement of budget time (Kelley and Seiler, 1982). In addition, audit time budget used as a tool for planning and control are best way for firm make focused and comprehensive audit (Cook and Kelley, 1991).

4.3.5 Professional Commitment (X4) Moderate Effect of Auditor Competence (X2) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value 0.002 is smaller than alpha 0.05 and t-stat 3.168 is greater than 1.96. Estimated coefficient value of inner weight 0,219 is positive. It indicates positive relationship (strengthening). It means, the stronger professional commitment, the greater effect of auditor's competence on audit quality. Thus, the fifth hypothesis which states that commitment strengthens effect of professional auditor's competence on audit quality is accepted.

This study results are supported by research of Jeffrey and Weatherholt (1996) that auditors with high professional commitment behavior is more directed to obey rules than auditors with low professional commitment, thus increasing competence and independence. Gunz and Gunz (1994) proved that to become a true professional, one must have a high professional commitment to invest a lot of time and energy in learning and practicing the knowledge and professional skills. Therefore, knowledge and skills are professionalism foundation that can improve their professional competence.

Professional commitment to research is reflected by normative, continuous and affective professional commitment. Normative professional commitment demonstrates indicators that reflect the major (first order) of professional commitments. This indicates that normative professional commitments are considered most important by respondents.

4.3.6 Professional Commitment (X4) Moderation Effect of Auditor Independence (X2) on Audit Quality (Y1)

Hypothesis results in Table 2 above show that p-value 0.0012 is smaller alpha 0.05 and t-stat 3,421 is greater than 1.96. Estimated coefficient value of inner weight of 0.219 is positive. It indicates positive relationship (strengthening). It means the stronger professional commitment, the greater auditor independence effect on audit quality. Thus, sixth hypothesis which states that professional commitment strengthens effect of auditor independence on audit quality is accepted.

This study results are supported by research of Jeffrey et al. (1995) who concluded that accountants with high professional commitment very concern to adherence and ethics that affecting to improve moral development and supporting sustainable ethics development, thereby increasing independency. Lampe and Finn (1991) in his study concluded that auditor ethics development reflects ethical and standards compliance. Auditor ethics development level is a function of their orientation to meet standards and ethics related to professional commitment to improve auditor independence.

V. CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND SUGGESTIONS

5.1 Conclusion

First, auditor's competence has positive effect on audit quality. It means the higher auditor's competence, the higher audit quality. Second, auditor independence has a positive effect on audit quality. It means the higher auditor independence, the higher audit quality. Third, audit time budget weaken effect of auditors competence on audit quality. It means the smaller audit time budget, the greater effect of auditor's competence on audit quality. Fourth, audit time budget weaken effect of auditor independence on audit quality. It means the smaller audit time budget, the greater effect of auditor independence on audit quality. Fifth, professional commitment strengthens effect of auditor's competence on audit quality. It means the stronger professional commitment, the greater effect of auditor's competence on audit quality. Sixth, professional commitment strengthens effect of auditor independence on audit quality. It means the stronger professional commitment, the greater effect of auditor independence on audit quality.

5.2 Implications

First implications are for auditor independence. Public accountant, in an effort to improve their competence, should consider auditors competence creation, including planning, knowledge, experience, and supervision. Auditor experience should be gained attention in effort to drive auditor's competence. Therefore, empirical data show that auditors experience is dominant to improve auditor competence greater than other indicators.

Second implications are for auditor independence. Public accountant, in an effort to increase its independence, should pay attention to indicators of auditor's independence, namely audit market competition, economic dependence, non-audit services, and future auditor assignments. Non-audit services should more concern to improve auditor independence. Empirical data show that non-audit services shows greater effect than other indicators on auditor independence.

Third implications are for audit time budget. Auditing should set standard time budget and audit fees as well. Inappropriate auditing standards fee will lead to shorter budget time and not measured accurately. While longer audit time budget can make auditors are not motivated to work harder.

Fourth implications are for professional commitments. Auditors, in an effort to improve his professional commitments, should pay attention to indicators that reflect professional commitment, namely normative, continuous and affective professional commitment. Normative professional commitment is the biggest indicator to reflect professional commitment than other indicators.

5.3 Limitations and Suggestions

Researchers did not differentiate between large (big four) and small (non big four) accounting firm as population and study sample. Therefore, reader should be cautious in generalizing this study results. Further research should consider typology of accounting firm, ie large (big four) and a small (non big four) auditing firm as population and study sample. Kelley and Seiler (1982) warned that typology distinction is important, because it will affect on level of audit time budget pressures and perceived behavior of auditors in audit. Auditor at a certain level has interest to receive an evaluation of their performance and one of the important factors for good performance evaluation is achievement of audit time budget.

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