



# Auditor Salary and Audit Quality in Auditor and Educator Accountant Perspective

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### Abstract

This study examines the influence of auditor salary on audit quality by involving auditor independence and auditor skepticism as intervening variables. Previous empirical studies show that auditor salary has a significant favorable influence on audit quality. However, the influence is presumed not directly as it is. The variable of auditor independence and skepticism is considered involved as an intervening variable between auditor salary and audit quality. Data of the study was obtained from auditor and educator accountant response on the question indicators from the fourth measured variables. These two perspectives are essential, considering that auditors are the result of the educational process of educator accountants. In another sense, audit quality needs to be reviewed empirically and theoretically. After examining three submitted models, it can be concluded that auditor salary influence directly and indirectly on audit quality. The indirect influence occurs through auditor independence and auditor skepticism. However, the Sobel test value shows that the indirect influence has a more significant impact than the direct influence. The Sobel test value shows the excellent mediation role of auditor independence and skepticism variables on the relation between auditor salary and audit quality.

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## INTRODUCTION

The audit quality becomes a concern of various parties, including the educator accountant, regulator, auditor, company, public, and investor. The audit failure scandal in Eron and Worldcom company in America has ruined the public trust in the auditor independence in detecting disloyalty and material error done by the management. In Indonesia, the crisis in 2008 has increased public awareness relating to the need for a reliable and transparent financial report that is free from misstatement carried out by the professional auditor who maintains independence.

The quality audit is expected to produce an informative, accurate, and reliable report to secure the investor and public interests. Christensen et al. (2016) assert that the quality audit from the auditor's viewpoint is undertaken by the auditor based on the GAAS (Generally Accepted Auditing Standards) and produces a reliable and accurate financial report. The report is taken from the transparent financial report from the company, which has reasonable internal control. Further, Christensen et al. (2016) state that the most critical factors in deciding the audit quality are the audit salary, high skepticism, and independence.

An individual auditor is a critical subject who significantly influences the company's auditing process. An auditor has a high responsibility in maintaining the financial report from misstatement materials. Furthermore, the auditor must obey and undertake the job according to audit standards. According to Hanson (2013), other than fulfilling the public's high expectation by maintaining the quality of the financial report, the auditor is also facing the company's complexities, a high workload, and time constraint pressure in doing the job. Added by Persellin et al. (2014), the auditor can have more than 5 hours of the average work hour or more than 20 hours in the high season's peak. Further, Persellin states that audit quality can be decreased if the auditor has an above-average workload and fatigue pressure.

Knechel et al. (2013) and Francis (2011) state that audit quality is a complex concept and results from quality human resources. Moreover, the audit process, which is in line with the procedure and supported by the 'KAP' institution, will improve audit quality. Input auditing is an essential factor in determining the audit process execution. The audit quality will be achieved if it is undertaken by competent and independent personnel and through a valid audit process so that objective evidence can be obtained and generated. The audit process is carried out carefully, and the finding evidence is decided through an accurate action and procedure. As an auditor workplace, KAP has an important role in examining the procedure of creating an incentive that influences the auditor and team's attitude.

In the literature review, Tepalagut & Lin (2015) state that it has been analyzed that various factors in input auditing such as incentive and motivation, professional skepticism, knowledge, and firm pressure affect the audit quality. Chen et al. (2009) find that professional skepticism positively affects audit quality. Kathy Hurtt et al. (2013) added that auditors' high skepticism would lead to a high-quality audit finding evidence. K., Bowlin. dan J.Hobson. (2012) also added that high skepticism creates an auditor who believes less in his client and will do more investigation into the audit evidence, which leads to a good quality audit.

Another study related to motivation and auditor incentive is only limited to regulator's pressure and pressure to maintain a good relationship and regain the client's engagement. Blay & Riverside (2005) exhibit that judgment auditor is affected by the possible risk of losses experienced by the client, audit fees pressure (Gramling et al. 2004); economic profit of a specific action (Beeler & Hunton 2000); and the relationship pressure with the client as well as the advance engagement process. How to increase auditor's independence and skepticism under high work pressure and how self-reward and audit salaries motivate the auditor still become unanswered questions.

Unlike the previous study, which focuses on client or regulator's motivation and incentive,

this study aims to examine how the auditor obtains his motivation from his workplace, which is related to the number of personnel salaries to auditor's attitude. This study develops the previous study carried out by Hoopes et al. (2018). It shows that auditor's personnel salaries abbreviated by APS positively impact the audit quality. However, different from Hoopes et al., this study suspects that the impact of APS on the audit quality is not a direct impact but an indirect one. Using *efficiency wages theory*, the researcher builds an idea that APS affects auditor's independence and skepticism which indirectly affects the audit quality.

The auditor will be motivated to make more efforts to respond to the company support when he gets a high salary and vice versa. The employees will tend to be dishonest since they consider the company is unfair if they get low salaries. The high salaries by the company to the individual auditor can be used as an excuse to increase work professionalism (independence) and collect more audit evidence (more skeptical). The high APS received by the auditors will lead them to give a good performance, to maintain to earn a high salary, to reduce the risk of being laid off, and to move to another job with lower salaries. Chen & Sandino (2012) added that the company's high salaries can attract professional and quality human resources, as well as the more truthful employees at the beginning of the engagement.

This study is carried out using personnel audit salaries data obtained directly by a survey held on in KAP, Central Java. The contribution of this study is expected to complete the literature related to the *efficiency wages theory*, which had been analyzed. It carries out an indirect examination of salaries impact on the audit quality generated by the auditor through audit independence variable and professional skepticism. To the researcher's knowledge, this study is the first study that examines the effect of the APS variable antecedent towards independence and professional skepticism on audit quality. This study is also expected to be used as consideration materials of the company's management and regulator regarding the

importance of adjusting the number of appropriate salaries for the auditor to maintain the audit quality amid pressure and high workload.

### **Audit Quality**

The audit quality needs to be carried out to guarantee and give the belief that the financial report has been credibly presented, free from misstatement materials coming from deceptions and errors (DeFond & Zhang, 2014). DeAngelo (1981, 186) in Chiang (2016) define audit quality as "an auditor's process to find violations in client's accounting system and to report the violations." This audit quality has been used many times in research. Knechel et al. (2013) state that the individual auditor is an important actor who carries out an audit to make audit quality.

Accounting research has been carried out to find factors that affect audit quality. The study concerning individual auditor's character that gives impact to the audit quality has been carried out many times. Gul et al. (2013) find out that the auditor who gets accounting education from the West and the auditor who has worked in KAP Big N will be more conservative. In comparison, the auditor who has graduated from master and has political affiliation tends to be more aggressive. The difference between aggressive and conservative will lead to the justification, assessment, and different decision-making, which cause differences to the generated audit quality.

Besides the character of the individual auditor, the environment in which the auditor works are supporting contexts that facilitates the auditor to make a higher audit quality. This statement is supported by the literature review of Francis (2011), which shows that conceptually the audit quality is an accounting process that includes accounting system, regulation, economic transaction, and internal control, as well as the subject who carries out the process, namely the auditor and client. This study completes the gap of the previous study, which examines KAP's characteristic factors, proportions, industry specification and individual auditor's characteristics, and complexity of the

company (Ghosh & Moon, 2005; Venkataraman et al., 2008; Skinner & Srinivasan, 2012; DeFond & Zhang, 2014). That research has not yet answered how the personnel salaries given by the company can support and motivate auditors' attitudes to be more skeptical and independent.

#### **Audit Personnel Salaries and Independence**

Efficient wages theory explains that the employee who earns a high salary tends to increase his work productivity and deploy his maximum effort. This maximum effort is carried out to defend the job that has given him better social insurance. The researcher argues that the higher the salary received, the more the auditor will maintain integrity, independence, and objectivity. It is aimed to reduce a penalty from his workplace that might danger his position.

Dresdner and Fischer (2020) added that the amount of salaries given by a company affects an individual's attitude. In their study, Chen & Sandino (2012) find out that employees who earn high personnel salaries have a low inclination to commit theft. A job with high salaries will supervise each other to prevent theft and fraud. Furthermore, it will do more whistle-blowing if corruption is committed in the company (DeFond & Zhang, 2014). It is different from the company management, which gives low salaries. The low salaries will lead the employees to commit collective fraud.

Another study carried out by Stevens and Thevaranjan (2010), and Chen and Sandino (2012) show that high salaries increase satisfaction, productivity, and employee integrity level. Auditors' integrity will lead them to report the findings as it is. Based on the idea that a high salaries auditor is more fair, real, and maintain his objectivity and integrity in the company, thus, the first hypothesis of this stud is:

Hypothesis 1: auditor's high personnel salaries have a positive effect on auditor's independence

#### **Audit Personnel Salaries and Skepticism**

This study uses two reasons why auditor personnel salaries positively affect skepticism. First, Nelson (2009) finds out that the audit failure is caused by false justification made by the

auditor when he has a lack of evidence. An incentive can be used to motivate the auditor to increase his effort in collecting evidence to reduce false justification risks. Dezoort et al. (2001) examine the correlation between external auditor compensation to dependence on the internal auditor. It is found out that the external auditor who earns salaries based on work hours has low dependence on the internal auditor compared to the one who earns monthly salaries. External auditor collects more evidence that supports auditor justification.

The second argument of this study which is suitable with efficiency wages theory shows that a high salaries policy can attract and maintain a quality and individual professional auditor. The professional auditor tends to do more' search of knowledge'. Auditor with a specific domain knowledge who make a more consistent decision with the professional standard has a higher consensus level and positively relates to the auditor's performance (Beck and Wu, 2006). The researcher expects that knowledge gained by the auditor will increase the auditor's curiosity about the existing evidence. Thus, it increases caution and skepticism. The second hypothesis of this study is:

Hypothesis 2: Auditor personnel salaries have a positive effect on skepticism.

#### **Audit Personnel Salaries and Audit Quality**

Auditor personnel salaries' policy becomes essential since the auditor's responsibility is more significant today. The auditor is expected to meet a high expectation from the user to provide a financial report that is free from misstatement materials and valuable in the right financial decision making. Furthermore, the auditor should understand the more complex industry with a high load of work (Laux & Leuz 2009; Persellin et al. 2014). Laux & Leuz (2009) added that the new accountancy standard (impairment and fair-value accounting) needs more auditor subjectivity and justification in the decision-making. Thus, the auditor who has skills is needed in completing the task.

The researcher expects that a high incentive given by the company will be responded

to positively by the auditor. The employee regards conformity between high salaries with complex responsibility and tasks as a support and a fair treatment from the company. As positive feedback from the compensation, the employee will be more loyal to the company. Further, they will finish their job based on the SOP and increase their dependence.

An empirical study carried out by Kunda (1990) and Russo et al. (2000) proves that incentives can influence an individual's decision-making. The management can use them to affect the employee to set the goals. The high incentive given by the company will lead the auditor to give his best contribution in auditing, collect evidence, find and report fraud, and save the company's face (Chen & Sandino, 2012). The third hypothesis of this study is:

Hypothesis 3: Auditor personnel salaries have a positive effect on audit quality.

### **Independence and Audit Quality**

Auditor's independence is a fundamental condition that the auditor in his job must own. It aims for the auditor to be neutral and not influenced by any motivation other than finding and reporting the findings. Hudaib & Haniffa (2009) state that auditors must be independent in thinking and appearance. Thinking independence is a mental attitude in which the auditor is not being influenced by anything or anyone who will influence the auditor's justification. Auditors' thinking must be objective, integrity, and professional skepticism. Appearance independence is the auditor's action in avoiding situations that caused third party's doubt on auditor's integrity, objectivity, and skepticism.

Pearson (1987) uses a survey method to examine the effect of auditor's deficiency independence and find that audit failure happens because the auditor's independence has decreased from time to time. Abbott et al. (2016), with the subject of a company's internal auditor, find that an internal auditor who has the competence and high independence will control a more quality financial report presentation. Rahmina & Agoes (2014) and Knechel et al. (2013) state that high auditor independence in doing work programs,

working, and reporting financial reports positively affects audit quality. The more independent the auditor is, the more objective, integrated, real, and unaffected by the pressure he becomes. Based on previous studies and that idea, the fourth hypothesis of this study is:

Hypothesis 4: Auditor personnel salaries positively affect audit quality through the independence variable.

### **Skepticism and Audit Quality**

Skepticism is a questioning attitude, being cautious to indicate a financial report's false presentation caused by fraud, and critically assessing the evidence of financial report. Nelson (2009) states that skepticism is a justification and careful decision-making of audit evidence when met with a false statement. This attitude requires the auditor not to take for granted and to be critical to the financial report's nominal and numbers.

The auditing standard requires the auditor to have a high skepticism level in detecting audit risk. The auditor can face a problem in detecting fraud unless he properly plans the process, strategy, and planning to detect the risk of numbers in the financial report. Auditors with high skepticism will ask whether additional evidence is needed to evaluate management assertion and notice to the existing evidence to detect the possibility of the management's false and fraudulent. Hurtt (2010) added that a high skepticism auditor has a high quality of audit evidence rating level and does not trust to client. Auditors' skepticism is expected to improve the fraud findings and audit quality. The fifth hypothesis of this study is: Hypothesis 5: Auditor Personnel Salaries (APS) give a positive effect on audit quality through auditor skepticism variable.

## **METHOD**

### **Sample and Data Research**

This research uses primary data obtained from the result of the survey carried out in Kantor Akuntan Publik (KAP) and the Accounting Study Program from universities in Semarang. The survey which contains the research variable

is sent and directly fulfilled by the auditor. From 103 auditors and educator accountants who participated in the questionnaire filling, 10 data are excluded from the research sample because they are incomplete. Thus, the total sample of this research is 93 auditors and educator accountants.

### **Research Variable and Its Measurement**

#### **Audit Quality**

Audit Quality is the audit ability to detect and report misstatements. Knechel et al. (2013) state that audit quality which is seen from the auditor and regulator's viewpoint, is a satisfaction in completing tasks based on standard provision and method required by KAP and meet Public Accountant Professional Standards (SPAP). This study measures audit quality under Wooten (2003), who asserts that audit quality must encompass five dimensions, namely: misstatement detection, compatibility with SPAP, submission to SOP, audit risk, and the precautionary principle.

#### **Independence Auditor**

Independence is auditor objectivity, unbiased, free from conflict of interest, and free from other parties' influence which affects their professional justification (Abbott et al., 2016). Chiang (2016) asserts that independence is a fundamental thing that an auditor has to act objectively and stand not to be affected by any pressure, either from the management or the audited client. Agoes (2012) states that five dimensions to measure independence are the length of relationship with the clients, clients' pressure, other auditors' study, and non-audit service undertaken.

#### **Auditor's Skepticism**

Hurt (2010) asserts that the characteristics of professional skepticism are, questioning, suspending the decision making, and the inclination always to increase curiosity. Those three characteristics show the auditor's willingness to thoroughly search and examine the audit evidence before making a decision. Skepticism depicts auditors who are not simply satisfied with less persuasive evidence. Many accountancy research that correlates skepticism

and alertness, skeptical and doubting, is the construct of 'questioning' (Nelson, 2009). (Nelson 2009) added that high skepticism leads the auditor to collect more quality of audit evidence. Hurt (2010) measures auditor's skepticism with three dimensions: audit evidence evaluation, understanding evidence provider, and the actions are taken based on the audit evidence.

#### **Auditor Personnel Salaries**

Auditor personnel salaries are minimum compensation given by KAP (Big 4-non big-4) to associate auditor, senior auditor, and manager (Hoopes et al., 2018). Beck & Wu (2006) state that auditor personnel salaries relate to the living cost of every region and auditors' education and skill. According to Manullang (2010), salary measurement's dimensions are education, experience, insurance, company's ability, and the condition of the employee.

#### **Research Instrument's Test**

Imam (2016) asserts that reliability and validity tests are required for survey data. The reliability test (statistic test Cronbach alpha ( $\alpha$ )) is carried out to measure whether respondents' answer to the question is consistent all the time. The validity test (bivariate correlation) is carried out to decide whether or not the questionnaire is valid.

Before testing the hypothesis, this study ensures that classic assumption has been fulfilled by doing multicollinearity, heteroscedasticity, normality test. Multicollinearity test is carried out to examine the correlation between independent variables, where the good model is when there is no correlation between the independent variables. The multicollinearity test can be analyzed from the Tolerance value and Variance Inflation Factor (VIF). The heteroscedasticity test (Glejser test) is carried out to examine whether, in a regression model, variance inequality has occurred from one residual observation to another observation. Normality test (Uji Kolmogorov Smirnov) aims to examine whether, in a regression model, residual or transgressor variable has a normal distribution.

**Model Test**

This study uses two steps of regression. The first regression (first and second model) is used to examine the effect of audit personnel salaries variable to independence and skepticism. The second regression is used to find out the direct effect of audit salaries, independence, and skepticism on audit quality. The regression model of this study is as formula 1.

$$\begin{aligned} \text{Indep} &= \alpha + \beta_1 \text{ audsalary} + e \dots \text{Model I} \\ \text{Skepticism} &= \alpha + \beta_2 \text{ audsalary} + e \dots \text{Model II} \\ \text{Audquality} &= \alpha + \beta_1 \text{ Indep} + \beta_2 \text{ Skepticism} + \beta_3 \text{ Audsalary} + e \dots \text{Model III} \end{aligned}$$

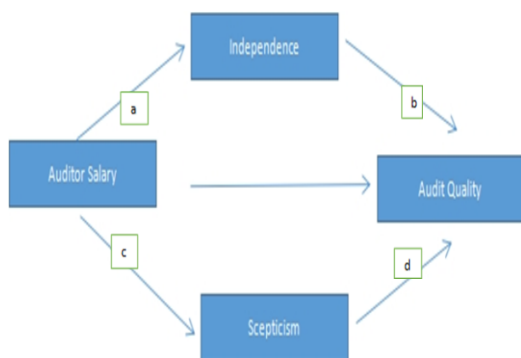
When:

- $\alpha$  = Constant
- $\beta_1, \beta_2, \beta_3$  = Coefficient regression model
- Indep = Auditor Independence
- Skepticism = Auditor Skepticism
- AudSalary = Auditor Salaries
- e = Error

**Formula 1.** The regression model of this study

Imam (2016) states that to examine the effect of mediation, it can be carried out by applying the Sobel test developed by Sobel (1982). This Sobel test is carried out by examining the strength of the independent variable's indirect effect (audit personnel salaries) to audit quality through auditor skepticism and independence.

Conceptual framework of this study is can be seen at Figure 1.



**Figure 1.** Conceptual Framework

a. Sobel Independence Moderation Test

Sobel test is carried out to find out the indirect effect of audit personnel salaries on auditor quality by independence. This effect is counted by multiplying the lane of auditor personnel salaries effect to independence (a) with the lane of independence effect to audit quality (b). The coefficient standard a and b is written by  $S_a$  dan  $S_b$ , and the amount of standard error of indirect effect is  $S_{ab}$  that is counted with formula 2.

$$S_{ab} = \sqrt{b^2 s_a^2 + a^2 s_b^2 + 2ab s_a s_b}$$

**Formula 2.** The amount of standard error of indirect effect

The calculation of t from coefficient **ab** is needed to examine the significance of indirect effect between auditor personnel salaries variable to audit quality through independence with formula 3.

$$t\text{-value} = ab/S_{ab}$$

**Formula 3.** The significance of indirect effect between auditor personnel salaries

If the value of t is more significant than the t table thus, there is an effect of the auditor independence variable intervening.

b. Sobel Skepticism Mediation Test

Sobel test is carried out to find out the indirect effect of auditor personnel salaries on audit quality through skepticism. This effect is calculated b multiplying the lane of auditor personnel salaries effect to skepticism (c) with the lane of skepticism effect to audit quality (d). The standard error of coefficient **c** and **d** is written by  $S_c$  and  $S_d$  and the amount of standard error of indirect effect is  $S_{cd}$  counted with formula 4

$$S_{cd} = \sqrt{d^2 S_c^2 + c^2 S_d^2 + 2cd S_c S_d}$$

**Formula 4.** The amount of standard error of indirect effect

To examine the significance of the indirect effect, the value of t from coefficient **cd** is calculated with the formula 5

$$t = cd/Scd$$

**Formula 5.** The significance of the indirect effect  
If the value of t is more significant than t table, thus there is an effect of skepticism variable mediation.

	Minimu m	Maximu m	Mean	Std. Deviation
Indep	32	51	42,37	4,627
Skepticis m	37,00	50,00	42,333	3,12540
AudSalar y	14,00	24,00	19,494	2,70114
AQ	42,00	55,00	46,795	3,35753

Source: SPSS Result  
N= 93

**RESULTS AND DISCUSSIONS**

The result of descriptive statistical analysis in Table 1 shows that from 11 questions with a maximum score is 55, the minimum value of auditor independence is 32, and the maximum is 55, with the average value of auditor independence being 42,37. It has shown that auditor independence in KAP Semarang is sufficiently high. The minimum value of auditor skepticism is 37, and the maximum value is 50, with the average being 42,3, by 20 questions. It has shown that auditor skepticism in KAP Semarang is far above the average. From 5 given questions, the maximum value of personnel salaries variable is 24, and the minimum value is 14. The audit quality shows a very high value between 42-55, with an average of 46,7957.

Table 2 shows the result of the validity and reliability test. The result of the validity test shows that the entire questions of this study are valid. It is seen from the significance of the entire questions used to measure independence, skepticism, auditor personnel salaries, and audit quality which is less than <0,05. The result of Cronchbatch's alpha test also shows the variable of independence, skepticism, and auditor personnel salaries (APS). The audit quality has a Cronbach value greater than 0,7. It shows that the questionnaire of the research variables indicator is reliable.

**Table 1.** Sample Size and Diversification Demographic

**Table 2.** Validity and Reliability Test



Question	Independence	Skepticism	Auditory	Audit Quality
Q1	Valid**	Valid**	Valid**	Valid**
Q2	Valid**	Valid**	Valid**	Valid**
Q3	Valid**	Valid**	Valid**	Valid**
Q4	Valid**	Valid**	Valid**	Valid**
Q5	Valid**	Valid**	Valid**	Valid**
Q6	Valid**	Valid**		Valid**
Q7	Valid**	Valid**		Valid**
Q8	Valid**	Valid**		Valid**
Q9	Valid**	Valid**		Valid**
Q10	Valid**	Valid**		Valid**
Q11				Valid**
Cronchbat reliable <sup>a</sup> ch's Score	reliable <sup>a</sup>	reliable <sup>a</sup>	reliable <sup>a</sup>	reliable <sup>a</sup>

Source: SPSS Result

\* p<0.05

A cronchbatch's score > 0.70

This study uses two steps of regression analysis. The result of the 1<sup>st</sup> and 2<sup>nd</sup> model of regression is used to find out the effect of auditor salaries on auditor independence and auditor skepticism. The 3<sup>rd</sup> model and the entire model are used to examine the effect of intervening variable independence and skepticism on audit quality. The result of 1<sup>st</sup> model of regression is used to show the direct effect between auditor personnel salaries to auditor independence. The standard beta coefficient is 1.070, with a significance value is less than 1%. This result **supports 1<sup>st</sup> hypothesis**. The result of the 2<sup>nd</sup> model of regression shows a positive correlation between auditor personnel salaries model to auditor skepticism with significance value is less than 1%, **2<sup>nd</sup> hypothesis supported**. The 3<sup>rd</sup> model of regression shows the correlation between auditor independence variable, auditor skepticism, and auditor personnel salaries to audit quality. The result of the 3<sup>rd</sup> model of regression shows there is a positive correlation between auditor personnel salaries wit audit quality; the **3<sup>rd</sup> hypothesis is supported**.

**Table 3.** Regression Result

Independent Variable	Model 1	Model 2	Model 3
Independence			0.221**
Skepticism			0.747**
Auditor salary	1.070**	0.356**	0.174*
R <sup>2</sup>	0.390	0.094	0.816
F	58.214	9.489	131.229

Source: regression result

+ p < 0.10

\* p < 0.05

\*\* p < 0.01

Table 4 shows the result of the Sobel test calculation that is used to examine the effect of intervening variables. The result of the Sobel test shows that auditor personnel salaries (APS) give an indirect effect to audit quality through independence variable with significance that is less than 5% and the standard beta value is 0,23647, **4<sup>th</sup> hypothesis supported**. The result of the Sobel test also shows that auditor personnel salaries indirectly affect audit quality through auditor skepticism variable with standard beta value of 0,265932, and the significance is less than 5%, **this result supports the 5<sup>th</sup> hypothesis**.

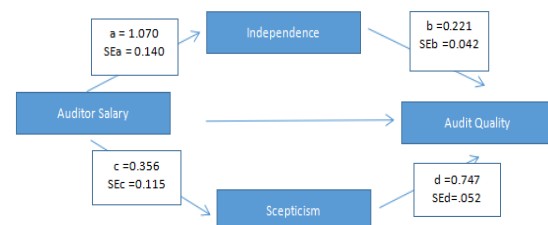
**Table 4.** Sobel Test Calculation

Intervening variable	Independence	Skepticism
Beta	0.23647**	0.265932**
t-value	4.327	3.282

Source: Sobel test calculation

\*\*p<0,05

The result of the Sobel test calculation that is used to examine the effect of intervening variables model can be seen at figure 2.



**Figure 2.** The Sobel Test

This study confirms the efficiency wages theory, which states that employee who earns high salaries will make more effort. Further, this study also finds strong evidence that employee with higher salaries is fairer (Stevens and Thevaranjan, 2010; Chen and Sandino, 2012) and professional. Therefore, auditor independence increases, and he will make more efforts to find quality audit evidence. Another contribution of this study has practical implications for company and company management. The result of this study can be used as a manager's consideration materials to consider the proper salaries amount to increase auditor motivation in maintaining auditor independence and skepticism. Meanwhile, from an educational perspective, the results of this study can be used as a reference for curriculum development that leads to an increased understanding of audit quality for academics (educator accountants and accounting students).

## CONCLUSION

This study finds out that APS affects directly on audit quality and affects indirectly on audit quality through auditor skepticism and auditor independence. Concisely, this study finds out that the effect of APS on audit quality is the direct and indirect effect. However, APS also significantly positively affects auditor independence and skepticism. This study adds efficiency wages theory by identifying the correlation between APS and auditor attitude. The limitation of this study is that this uses survey data to the auditor to measure independent variable, dependent and intervening. The measurement using the survey method has different assessment subjectivity between one individual and another. Even though examining auditor salaries is challenging due to data limitations, future research is expected to use another proxy. For example, using the experimental method or audit salaries proxy can reduce subjectivity.

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