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An Analysis of the Influence of Independence, Accountability, nd Objectivity on Audit Quality in the Public Accounting Profession in Indonesia

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Abstract

Audit quality is a crucial element in maintaining public trust in financial reporting and ensuring the credibility of information used by stakeholders in economic decision-making. However, several audit failures have demonstrated that audit quality remains a significant challenge, particularly when auditors encounter threats to professional judgment, independence, accountability, and objectivity. This study aims to examine and synthesize previous research findings regarding the roles of auditor independence, accountability, and objectivity in improving audit quality within the public accounting profession in Indonesia. This research employed a Systematic Literature Review (SLR) method by analyzing relevant scientific publications obtained from databases, including Google Scholar, Garuda, and SINTA. The selected articles were evaluated based on predetermined inclusion criteria and analyzed using qualitative content analysis to identify research patterns, relationships among variables, and research gaps. The findings indicate that auditor independence is a fundamental factor influencing audit quality because it enables auditors to provide impartial judgments without external pressure or conflicts of interest. Furthermore, accountability encourages auditors to conduct audit procedures carefully and responsibly, while objectivity ensures fairness and neutrality in evaluating audit evidence. The discussion highlights that these three professional attributes complement one another in strengthening audit credibility and stakeholder confidence. This study concludes that improving audit quality requires continuous efforts from auditors, Public Accounting Firms (PAFs), regulators, and professional organizations through ethical enforcement, effective quality control systems, competency development, and the strengthening of professional standards.

INTRODUCTION

Confidence in financial statements is highly dependent on the quality of audits conducted by public accountants (Edi & Enzelin, 2022; Farida & Sugesti, 2023; Hamza & Damak-Ayadi, 2023; Mitan, 2024; Nurcahyono & Ifada, 2024; Rahman et al., 2023; Tjan et al., 2024; Yousefi Nejad et al., 2024). Audit opinions generated through professional evaluation processes provide a basis for investors, creditors, regulators, and other stakeholders to assess the fairness of financial information before making economic decisions. High-quality audits have become an essential mechanism for maintaining the credibility of financial reporting due to the increasing complexity of business operations and the growing demand for accountability and corporate transparency. Therefore, audits conducted in accordance with professional standards enhance public confidence in the financial reporting system while also helping identify material misstatements.

Although auditing standards continue to develop, the occurrence of audit failures indicates that audit quality remains a significant issue requiring continuous improvement. Several national and international financial reporting scandals have demonstrated that audit opinions may become less reliable when auditors fail to maintain independence, accountability, and objectivity. These issues have contributed to declining public trust in public accountants, leading to the strengthening of regulations, professional standards, and quality control systems. In Indonesia, Law Number 5 of 2011 concerning Public Accountants and the Public Accountant Professional Standards (Standar Profesional Akuntan Publik / SPAP) issued by the Indonesian Institute of Public Accountants (IAPI) require auditors to uphold integrity, independence, and professionalism. Accordingly, public accountants are expected to perform their duties honestly, fairly, and objectively.

Several key factors influence audit quality, including independence, accountability, and objectivity. Independence refers to the auditor’s ability to make professional judgments without undue influence from external parties. Accountability reflects the auditor’s responsibility for the audit process, professional decisions, and audit conclusions. Objectivity requires auditors to maintain fairness, neutrality, and freedom from bias or conflicts of interest when evaluating audit evidence.

Independence, accountability, and objectivity are generally recognized as essential factors in improving audit quality. However, previous studies have produced mixed and sometimes inconsistent findings. Some studies indicate that auditor independence is the most influential factor affecting audit quality, while others demonstrate that accountability or objectivity has a stronger effect. These differences create a research gap that requires further investigation. Moreover, increasingly complex economic conditions, commercial pressures from clients, and competition among Public Accounting Firms (PAFs) may threaten auditors’ impartiality and professionalism in actual practice.

Based on this phenomenon, this study employed a Systematic Literature Review (SLR) approach to address gaps identified in previous research. An SLR enables the systematic examination, evaluation, and synthesis of scientific evidence in an organized and objective manner. This study addressed two main research questions: whether gaps exist in previous studies regarding the influence of independence, accountability, and objectivity on audit quality, and how findings from existing literature contribute to improving audit quality within the public accounting profession in Indonesia.

Independence represents the fundamental element determining the credibility of audit results. The reliability of an auditor’s opinion is influenced not only by technical competence in detecting material misstatements but also by the ability to maintain professional judgment without being affected by economic interests, personal relationships, or pressure from the audited entity. Therefore, independence is a prerequisite for ensuring that the audit process produces objective and reliable information for financial statement users. Independence consists of two dimensions: independence in fact and independence in appearance. Independence in fact relates to the auditor’s actual mental state of maintaining neutrality throughout the audit process, whereas independence in appearance concerns public perceptions of auditor integrity. Both dimensions must be maintained simultaneously because formal compliance alone does not necessarily reflect genuine professional independence.

Agency Theory provides a framework for explaining the relationship between auditor independence and audit quality. Within an agency relationship, business owners (principals) delegate operational authority to management (agents), which may create information asymmetry due to differences in interests between the two parties. Independent auditors serve as external monitoring mechanisms by providing unbiased opinions regarding the fairness of financial statements. However, audit effectiveness may be compromised when auditors face threats to independence, such as long-term client relationships, financial interests, or the provision of certain non-audit services. Therefore, regulations regarding auditor rotation and restrictions on non-audit services are implemented to preserve independence as the foundation of audit quality.

Accountability reflects auditors' professional responsibility for the entire audit process and the opinions they issue. This responsibility extends not only to clients as service users but also to the public, who rely on audit reports for economic decision-making. Therefore, accountability requires auditors to justify professional judgments based on sufficient and appropriate audit evidence.

This concept aligns with Stewardship Theory, which views auditors as professionals responsible for protecting the public interest through the provision of reliable financial information. Unlike Agency Theory, which emphasizes potential conflicts of interest among parties, Stewardship Theory views auditors as individuals motivated by integrity and responsibility to serve broader stakeholder interests. Through strong accountability, auditors act as guardians of financial information reliability and contribute to transparent corporate governance. Conversely, weak accountability may contribute to audit failures that result in substantial financial losses for investors, as demonstrated by major financial scandals such as Enron and WorldCom. Compliance with the Public Accountant Professional Standards (Standar Profesional Akuntan Publik / SPAP) and professional ethical codes remains a fundamental mechanism for strengthening public accountant accountability.

Auditor objectivity requires a professional attitude characterized by fairness, neutrality, and freedom from prejudice and conflicts of interest when evaluating audit evidence. This principle aligns with Trust Theory, which emphasizes that honesty and fairness are essential foundations for establishing stakeholder confidence in audit results. Public trust in audit outcomes increases when auditors demonstrate integrity, impartiality, and professional neutrality. Conversely, indications of conflicts of interest may reduce audit credibility, even when audit procedures have been performed in accordance with applicable standards.

Professional skepticism is also closely associated with auditor objectivity. Auditors are expected to critically evaluate audit evidence and avoid accepting management assertions without sufficient verification. Threats to objectivity may arise from financial interests, close personal relationships with management, or pressure and intimidation from clients seeking favorable audit opinions. Therefore, maintaining objectivity and professional skepticism is essential to ensuring reliable and credible audit outcomes.

METHOD

This research employed a Systematic Literature Review (SLR) method with a qualitative descriptive approach to identify, evaluate, and synthesize previous studies related to the influence of auditor independence, accountability, and objectivity on audit quality within the public accounting profession in Indonesia. The research population consisted of scientific publications discussing audit quality and auditor professional factors, while the sample included selected articles that met predetermined inclusion and exclusion criteria. Purposive sampling was applied to select articles based on their relevance to the research objectives, publication quality, methodological clarity, availability of research findings, and alignment with the variables of independence, accountability, objectivity, and audit quality. The research instrument was an article review matrix used to extract key information from each selected publication, including author, publication year, research method, research object, examined variables, and main findings.

The validity and reliability of the research were maintained through a systematic article selection process and consistent evaluation procedures. Validity was assessed by examining the alignment of selected articles with the research objectives, while reliability was ensured through structured data extraction and repeated reviews of the selected literature to minimize interpretation bias. Data were collected through literature searches from scientific databases, including Google Scholar, Garuda, and SINTA, using relevant keywords such as auditor independence, auditor accountability, auditor objectivity, and audit quality. The research procedure involved several stages, including identification of relevant studies, screening and selection of articles based on eligibility criteria, extraction of research information, classification of findings, and synthesis of results to formulate conclusions.

Data analysis was conducted using qualitative content analysis to compare, interpret, and synthesize findings from previous studies. The reviewed literature was categorized based on research variables, methodological approaches, and empirical findings related to the relationship between auditor independence, accountability, objectivity, and audit quality. Microsoft Excel was used as a data organization tool to compile the literature review matrix, while the final interpretation was performed descriptively to identify research patterns, similarities, differences, research gaps, and practical implications. Through this analytical process, the study provided a comprehensive understanding of how professional ethical factors contribute to improving audit quality within the public accounting profession in Indonesia.

RESULTS AND DISCUSSION

The effect of independence on audit quality

Several studies have found that independence is a key factor in determining audit quality. Independence gives the auditor the freedom to do his or her work without bias or influence from clients. This rule makes professionals use better assessments, which improves the quality of audit results. When auditors have a high level of independence, they are able to maintain their professional skepticism, conduct in-depth substantive testing, and evaluate audit evidence objectively without being influenced by personal relationships or financial interests (Mulyadi, 2016).

However, according to DeAngelo (1981), the definition of audit quality makes this independence even more important. The definition states that the quality of audit results depends on two main skills: the auditor's ability to find material misrepresentations and their willingness to disclose such errors to the public. Even if the auditor is very proficient in his job and has a lot of technical knowledge, that alone is not enough to guarantee good audit results. Auditors who are less independent tend to feel afraid or reluctant to disclose financial irregularities they find for fear of damaging the cooperative relationship with clients or losing revenue from audit services. Instead, an independent auditor will have the moral courage to honestly disclose any findings of irregularities in the audit report, regardless of the business consequences it may face.

This idea is well supported by previous empirical research. According to research by Alim, Hapsari, and Purwanti (2007), auditor independence significantly improves audit quality. In addition, it has been shown that professional ethics reinforce this effect by acting as a moderation factor that favors the use of independence in audit practice. Research by Christiawan (2002) provides similar support, stating that in order for public accountants to be able to provide reliable and reliable audit conclusions, they must simultaneously have technical competence and independence. Furthermore, Efendy's (2010) research also proves that there is a very strong positive correlation between the independence of government auditors and the quality of regional financial supervision.

Overall, these findings confirm that independence is not just an administrative obligation, but a key ethical pillar that maintains the credibility of audit reports in the eyes of the public.

Therefore, monitoring audit partner rotation compliance, limiting the provision of non-audit services to the same clients, and establishing a reasonable *audit fee scheme* are essential to continue to be implemented in order to minimize threats to the independence of public accountants in Indonesia.

The Effect of Accountability on Audit Quality

The quality of audits is greatly improved thanks to accountability. The responsible auditor provides more detailed and reliable reports. Accountability influences the way auditors think and behave when collecting and analyzing audit data. When auditors have a strong sense of accountability, they know that the public, professional organizations (IAPIs), and governments will see and hold them accountable for everything they do, say, and decide during an audit. When auditors know what will happen as a result of this external evaluation, they will naturally be more careful, meticulous, and meticulous in their work.

Accountable auditors will devote greater effort to designing comprehensive examination procedures, conducting in-depth document verification, and not ignoring suspicious transaction details. They are well aware that audit failures due to professional negligence will not only destroy their personal reputation, but can also have severe legal repercussions as well as damage the good name of the KAP where they work. Conversely, low accountability will trigger dysfunctional behaviors, such as a tendency to rush work to meet engagement deadlines, reduce the scope of test samples, or blindly accept client management explanations without adequate substantive testing.

A study by Singgih and Bawono (2010) consistently showed that auditors who are highly responsible for their work produce quality audits much better than auditors who are less responsible. This study shows that this accountability factor is important. Awareness of professional social responsibility makes them more thorough and defensive in compiling audit working papers and formulating opinions. Efendy's (2010) research also strengthens these findings by showing that accountability significantly increases the effectiveness of regional financial supervision by inspectorates. Thus, it can be concluded that fostering a culture of accountability in the KAP work environment through a transparent performance evaluation system, strict internal supervision, and regular ethics coaching is a very effective strategic step to minimize the risk of audit failures in Indonesia.

The effect of objectivity on audit quality

The quality of the audit improves significantly with the objectivity of the auditor. These findings show that fairness, honesty, and the absence of auditor conflicts of interest are essential to produce audits that can be trusted by the public (Arens et al., 2017). An objective attitude requires auditors to act intellectually honest, fair, free from subjective prejudices, and avoid any form of conflict of interest that can obscure their professional judgment. During the execution of the audit, objectivity is crucial because the auditor serves as a neutral third party who assesses the feasibility of the financial reporting prepared by the client's management. The absence of objectivity will cause the evidentiary assessment process to become biased, where the auditor tends to side with the interests of management and ignore the facts of financial irregularities that he finds (Mulyadi, 2016).

The objectivity of auditors is reflected in the application of professional skepticism when evaluating audit evidence. An objective auditor does not necessarily receive information from management and trust the data, but rather conducts adequate verification and testing to ensure its reliability. Conversely, disruptions to objectivity due to conflicts of interest, personal relationships, or management pressure can degrade the quality of professional judgment and impact the quality of the audits produced.

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Simultaneous Influence, Research Gap and Practical Implications

The quality of an audit is not determined by a single ethical factor in isolation, but rather is the result of a mutually reinforcing interaction between the auditor's independence, accountability, and objectivity. The results of the study show that audit quality is the result of the interaction between the independence, accountability, and objectivity of auditors. Independence provides freedom in carrying out audit tasks, objectivity ensures that assessments are carried out fairly and impartially, while accountability encourages auditors to work carefully and responsibly (Mulyadi, 2016).

These three things work together to make the quality of the audit better than the sum of their respective effects. These results are in line with Fritz Heider's (1958) Attribution Theory, which states that both internal and external factors can influence how people act in the workplace. In the context of auditing, objectivity and accountability are internal factors, while independence is an external factor that supports the creation of professional and credible assessments.

In addition to showing the importance of synergy between independence, accountability, and objectivity in improving audit quality, the results of the study also identified several research gaps. The empirical gap can be seen from the inconsistency of the findings regarding the influence of the three variables on audit quality, which indicates the possibility of other factors such as organizational culture, professional ethics, organizational commitment, and auditor experience. Methodological gaps arise due to the dominance of the use of quantitative surveys that have the potential to cause respondent bias, while research with qualitative approaches and mixed methods is still limited. In addition, there is a contextual gap because most of the research is conducted in a relatively homogeneous organizational environment so that there has not been much study of the differences in characteristics between Public Accounting Firms. These findings indicate the need for research that examines the interaction between variables and considers organizational and work environment factors that affect audit quality.

These findings provide practical implications for improving audit quality in Indonesia. Public Accounting Firms need to strengthen quality control systems and organizational culture that support auditor independence, accountability, and objectivity. Regulators and professional organizations need to improve audit quality supervision and enforce provisions that support auditor independence. On the other hand, educational institutions need to strengthen professional ethical learning through a case-based approach and professional decision-making. Thus, improving audit quality requires synergy between auditors, Public Accounting Firms, regulators, professional organizations, and educational institutions so that the principles of independence, accountability, and objectivity can be applied consistently in audit practices.

CONCLUSION

A Systematic Literature Review (SLR) examined how auditor accountability, objectivity, and independence influence audit quality. The findings showed that these three variables contributed to improving audit quality, with independence identified as the most significant factor. Auditor independence enables professionals to conduct audits impartially and objectively without pressure, intervention, or influence from specific parties, ensuring that audit conclusions are based on sufficient and appropriate evidence. Meanwhile, objectivity requires auditors to maintain fairness, neutrality, and freedom from conflicts of interest when evaluating audit evidence, while accountability ensures that the entire audit process is performed transparently, responsibly, and in accordance with applicable auditing standards. Therefore, auditors who demonstrate independence, accountability, and objectivity are more capable of producing high-quality audits. Reliable and accurate audit reports can subsequently enhance stakeholders' confidence in financial information.

Based on the research findings, auditors, Public Accounting Firms (PAFs), professional organizations, regulators, and audit oversight institutions need to strengthen efforts to maintain and improve independence, accountability, and objectivity as key determinants of audit quality. These efforts can be implemented through consistent compliance with professional ethical standards, the application of professional skepticism, competency enhancement through continuous education and training, strengthening audit quality control systems, and preventing conflicts of interest that may compromise auditor independence. Furthermore, professional organizations and regulators should enhance guidance and supervision mechanisms through periodic audit quality evaluations, improvements to auditor independence regulations, effective implementation of auditor rotation policies, and the enforcement of appropriate sanctions for professional ethics violations. Collaboration among auditors, PAFs, professional organizations, and regulators is expected to foster a professional culture that upholds integrity, responsibility, and objectivity, thereby producing high-quality, credible, and reliable audit reports while strengthening public trust in the accounting profession and the financial reporting system.

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