

The Role of Intrinsic Motivation in Mediating the Effect of Auditor Independence on Audit Quality in Indonesia



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ABSTRACT: This research aims to empirically test the role of intrinsic motivation in mediating the relationship between the influence of independence on audit quality. The use of intrinsic motivation as a mediating variable is intended to clarify the influence of various individual characteristics of certain auditors on the quality of the auditor's work. This research was conducted on 110 auditors from various Public Accounting Firms using a snowballing survey approach and Partial Least Square (PLS) analysis with the help of SmartPLS 3.2.9. This research finds that intrinsic motivation is influenced by the auditor's independent attitude and influences audit quality. This research also succeeded in proving that the auditor's intrinsic motivation has moderate influence in mediating the relationship between independence and audit quality. Based on these findings, auditors and public accounting firms are advised to re-evaluate their audit quality through independence and intrinsic motivation. The results of this empirical research have succeeded in proving that audit quality becomes better as a result of the quality of auditor independence, mediated by intrinsic motivation, although the influence is still moderate. The findings support developing agency theory and self-determination theory in explaining the role of in improving audit quality.

KEYWORDS: Independence, Intrinsic Motivation and Audit Quality.

INTRODUCTION

The issue of auditor non-independence is a major challenge that must be overcome to ensure the reliability and credibility of financial reports in Indonesia. Auditor independence and audit quality are important elements in the field of financial reporting and corporate governance. Auditor independence refers to the perspective that an auditor has an impartial attitude and this attitude must be maintained throughout the audit process, to ensure that their audit decision-making process is free from any conflict of interest. On the other hand, audit quality is related to independent professional services which can improve the quality of information for decision makers regarding the auditor's ability to detect financial reports containing material misstatements, reduce information asymmetry between principals and agents, and be able to guarantee the interests and trust of report users. Finance (Akkerman, Admiraal, Brekelmans & Oost, 2008; Kang, Lee, Son & Stein, 2017).

The relationship between auditor independence and audit quality is very important because it supports the credibility and reliability of financial reports. High audit quality, supported by strong auditor independence, increases stakeholder confidence in financial reports, thereby contributing to the health of financial markets and the economy as a whole. However, the fact is that not all auditors can fulfill this attitude. For example, the emergence of various reports and publications regarding audit failures in maintaining an independent attitude was revealed in the case that hit KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners (RSM Indonesia). In this case, the auditor was found not to be independent due to a financial relationship with the audited party, which caused inaccuracies in the audited financial statements. The Indonesian Financial Professional Development Center (PPPK) has imposed sanctions in the form of administrative fines and practice restrictions on responsible auditors.

Based on this phenomenon, it is enough to illustrate that this has happened in Indonesia problem audit deficiencies and failures that result in loss of trust among users of financial statements. The low quality of audits produced by public accounting firms through auditors can have an impact on the potential for creating uncertainty related to the credibility of financial reports, the quality and reliability of the information presented in audited financial reports (Kaawaase, Bananuka, Peter & Nabaweesi, 2019). This is the reason why auditors must improve their audit quality (Halim, Sutrisno & Achsin, 2014).

The theoretical framework that discusses the relationship between auditor independence and audit quality can be explained by agency theory regarding the contractual relationship between principals (shareholders) and agents (company management). In this context, the auditor acts as an independent examiner of management, to ensure that the financial statements accurately reflect the company's financial position. This theory states that without an independent audit, there is a risk that management may

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misrepresent financial information for personal gain. Furthermore, ethical considerations are fundamental to maintaining auditor independence. Auditors are expected to adhere to ethical principles such as integrity, objectivity, and confidentiality. Additionally, the relationship between auditors and their clients can have a significant impact on audit results. While close relationships can lead to better understanding and communication, they can also pose threats to independence. Factors such as long auditor tenure, economic dependence on clients, and the provision of non-audit services can undermine independence and, consequently, audit quality.

Normatively independent auditors are also explained based on the normative theory of auditing Mautz & Sharaf (1993) in the study *The Philosophy of Auditing*, explains that one of the basic assumptions of the seven postulates in auditing is aThe auditor on duty has a neutral relationship and has no conflict with the audit object. This assumption can be interpreted that gIn order to obtain convincing audit results, it is mandatory that there is a guarantee that there is a neutral relationship between the auditee and the auditee. Neutral is meant in this case related to economic interests and personal relationships, so that the auditor can be trusted to provide a level of assurance regarding his conclusions on the audited assertions. The auditor must be truly independent and not subject to any pressure that prevents him from carrying out impartial work so that he can fulfill his obligations and responsibilities and gain the trust of users of accounting information. The importance or meaning of independence is no longer in doubt, where the role of auditor independence is very necessary for all parties who have an interest in the results of the audit process. Increasing auditor independence is intended to improve audit quality (Yen, Thuy, Tien & Anh, 2019).

Previous empirical evidence shows that independent attitudes as a determinant of audit quality have been widely used with varying results and still cause problems. Independence is a major concern in the audit profession. The recent occurrence of various audit deficiency incidents emphasizes the importance of audit credibility. Audit independence refers to the external auditor's ability to act with integrity and impartiality during his or her audit function(Dharmaraj, Zulkarnain and Ashikin, 2017; Herath and Pradier, 2018; Norziation and Muharam, 2021). The auditor who carries out the audit process must be independent so that the results of the audit process inform the public or stakeholders about the results of the opinion audited by the auditor or public accountant(Halim et al., 2014). In considering facts and voicing opinions appropriately, independence is necessary for auditors to be honest. Auditors must be free from the control of other parties and must not depend on other parties(Tepalagul and Lin, 2015). DeAngelo, (1981) states that the level of auditor independence is defined as the conditional probability that if a violation has been discovered, the auditor will report the violation.

Knapp (2011) reaffirms that lack of independence is the main reason contributing to the crisis of the audit profession at large public accounting firms in America. Lack of independence can also be attributed to several factors including the length of the audit period, the personal relationship between the auditor and the client, and the large number of non-audit services the auditor provides to the audited company. Thus, auditors must be aware and aware of potential risks that threaten independence and ensure that they protect themselves from threats that limit independence(Chiang Christina, 2016). As a result, the accounting profession has considered new ways to increase audit credibility.

As is known thatThe financial report audit stage is a broad, complex and challenging activity in providing a reliable assessment and does not rule out the possibility of various pressures from clients as threats that can disrupt independence and thus impact the quality of the resulting audit. For this, ultimately auditors need strong encouragement from each individual to become intrinsically motivated.Auditors need strong encouragement from within themselves to serve themselves so that they can carry out their duties and responsibilities well amidst increasingly complex tasks. The construct of intrinsic motivation is built from the framework of self-determination theory (Self-Determination Theory) proposed by (Deci & Ryan, 1985) and Miller et al., (1988).

This research is different from previous studies on audit quality. First, this study uses specific real respondents, namely auditors who work in Public Accounting Firms spread geographically throughout Indonesia, consisting of junior auditors, senior auditors, managers and partners. Second, as a result of research through literature studies, evidence was found that there were still inconsistent research results. Based on this view, the novelty of this research lies in developing a model by adding intrinsic motivation variables asmediating variables are intended toclarifying the influence of auditor independence on the quality of the auditor's work results, which still raises various problems.Therefore, this paper aims to empirically test the role of intrinsic motivation in mediating the relationship between the influence of auditor independence on audit quality.

CONCEPTUAL FRAMEWORK

This research is built on the justification of agency theory and self-determination theory. Agency theory describes a relationship between a principal and an agent in which the agent performs some service on behalf of the principal (Jensen & Meckling, 1976). There is a misalignment of interests between the principal and the agent as well as information asymmetry, the principal is worried that the agent can pursue his own interests at the expense of the principal. To overcome this agency problem, principals implement mechanisms to align the agent's interests with the principal's interests, reducing information asymmetry and agent opportunistic behavior (Jensen & Meckling, 1976; Watts & Zimmerman, 1983). The principal needs an independent third party (in this case an auditor) who will assess the fairness of the financial reports prepared in the form of accounting figures prepared by the agent in order to minimize potential conflicts. The appointed auditor must have independence that allows him to bridge the

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interests of the principal and agent. In this way, the principal will know the actual condition of the company and assess the agent's performance and the agent will receive compensation/bonus based on his performance. The existence of this independent auditor in the relationship between principal and agent is also intended to facilitate the interests of creditors and the government at the same time. From audited financial reports, creditors can see the company's suitability to receive loans and the government can see the implementation of its policies in related companies.

Self-determination theory is a theory that explains how motivation processes and develops to influence human behavior and well-being. This theory is based on the proposition that self-determination is the ability to identify and achieve goals based on an individual's knowledge and assessment of himself. Intrinsic motivation is the highest line of the continuum in self-determination theory.

Intrinsic motivation is a factor that can support auditors to produce high quality audits. Intrinsic motivation is related to individual task performance, when an auditor has high intrinsic motivation, then he has cognitive powers that encourage him to carry out certain actions in the audit work for which he is responsible to achieve quality audit implementation. Empirical test results from previous papers show that the level of intrinsic motivation can predict task performance, job performance, quality of learning experiences, internal audit control considerations, and audit quality. (Kadous & Zhou, 2019).

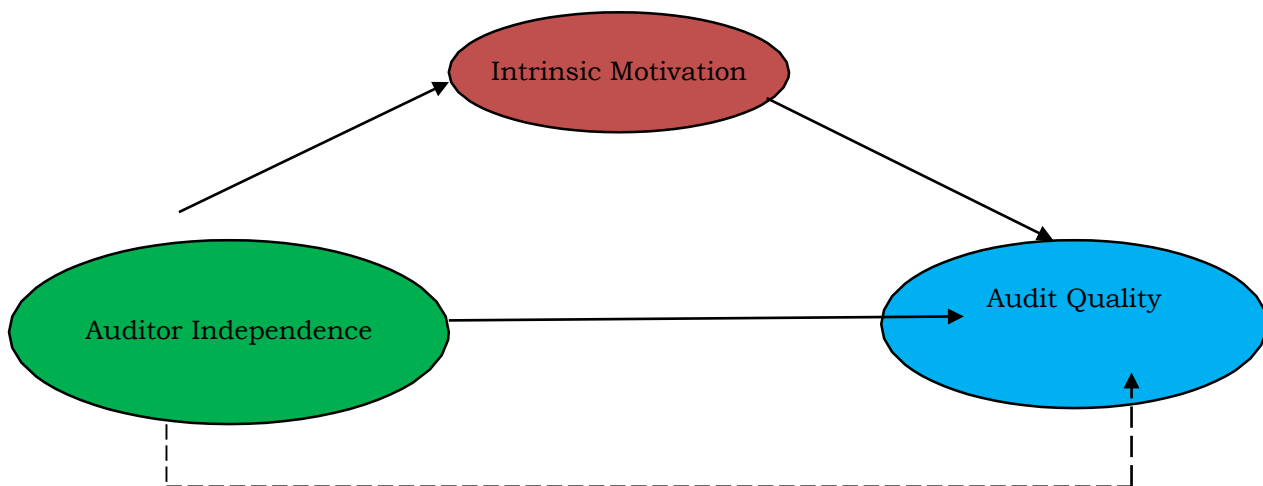


Figure.1 Research Conceptual Framework

Auditor Independence and Audit Quality

Auditor independence is a major concern in the auditor profession. Various financial scandals that have occurred in companies have emphasized how important audit credibility is. Auditor independence refers to the external auditor's ability to act with integrity and impartiality while serving as a financial report examiner (Majid and Marzuki, 2021; Tandiontong, 2015).

Auditor independence shows the auditor's mental attitude in reporting findings of violations in the client's accounting system. Even though auditing standards and professional codes of ethics have provided guidelines for auditors to maintain an independent attitude during the period of their audit assignment, in practice it is not uncommon for auditors to receive various threats that can endanger the auditor's independence, such as threats of personal interest, threats of self-review, threats of advocacy, threats of closeness, as well as threats of intimidation (IAI, 2020).

The higher the independence of an auditor, the higher the quality of the audit he produces. On the other hand, the less independent an auditor is, the less likely it is to produce a high quality audit because auditors tend not to be serious about finding and identifying material misstatements and detecting fraud. Even if fraud is discovered, auditors likely will not report it. Patrick et al., (2017) and Tepalagul and Lin (2015) in their literature studies conducted a study regarding the relationship between independence and audit quality. The results of their study reveal that auditor independence is an important factor that can influence audit quality.

Empirical evidence from Halim et al., (2014) proves that there are four factors that influence audit quality in Indonesia, namely the competence and independence of auditors with professional commitment and audit time budget as moderators. Primary data in the form of perceptions of 278 randomly selected public accountants regarding auditor competence, independence, audit time budget, professional commitment and audit quality were collected through a questionnaire. The findings from this research succeeded in revealing that competence and independence have a positive effect on audit quality. When the audit time budget interacts with the auditor's independent attitude, there is a tendency for audit quality to decrease. However, when auditor independence interacts with professional commitment, it actually strengthens the relationship in improving audit quality.

Further research from Chiang (2016) shows that auditor independence as the foundation of the audit profession can increase the auditor's ability to act with integrity, be objective and maintain an attitude of professional skepticism. Without auditor

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independence, it will be difficult to apply professional skepticism in making audit judgments or considerations which then have an impact on the quality of the resulting audit (Sila et al., 2015). Ardhani et al., (2019) conducted a survey of 90 auditors in Indonesia. The research findings show that auditor independence is an important determining factor in improving audit quality.

Hypothesis: 1: Auditor independence has a positive effect on audit quality.

Auditor Independence and Intrinsic Motivation

Auditors who uphold an independent attitude will not be easily influenced in determining the level of materiality of an entity's financial statements even though in their audit activities, pressure or conflicts of interest with clients are found that could threaten their independence. Auditor independence is an important factor that influences audit quality and the auditor's ability to properly report material misstatements depends on independence. If the auditor has low independence due to financial budgets, long auditor engagement periods, and non-audit services, the auditor's independence is compromised, which has the potential to result in low audit quality (Halim et al., 2014; Watkins et al., 2004).

Fearnley et al., (2002) examined financial reporting panel review regulations in the UK and independence on auditors' compliance attitudes towards regulations. Financial reporting review panel regulations were found to have motivated auditors to improve accounting compliance by increasing the likelihood of some errors being uncovered. Another finding is that financial reporting review panel regulations have succeeded in increasing auditor independence.

Independent auditors will remain focused when collecting and evaluating evidence so that audit findings are in accordance with field conditions which can support the auditor's decision in determining materiality level considerations (Chiang, 2016). In other words, the behavior of auditors with strong independence has high self-motivation in working so that they always obey the rules to achieve the set goals. This is in line with the aim of self-determination motivation theory, namely to explain how individuals regulate their behavior through motivation that is built and oriented towards self-awareness. In self-determination theory, the ability to regulate one's behavior through motivation that is built and oriented towards self-awareness is called intrinsic motivation (Deci and Ryan, 1985).

Furthermore, Ryan and Deci (2000) explained that intrinsic motivation as the highest continuum in a person's self-determination theory, is very dependent on their basic psychological needs. One of them is autonomy. The need for autonomy illustrates that individuals need to feel in control of their own behavior and goals. This feeling of being able to take direct action that will result in real change plays a major role in helping people feel self-determined. Intrinsic motivation refers to activities where the motivation lies in the behavior itself. When individuals are intrinsically motivated, it is an interesting and enjoyable spontaneous experience that can lead to perceptions of reward in the activity (Ryan and Deci, 2017). Auditors who have confidence and are able to maintain a firm attitude of independence and professionalism will have strong intrinsic motivation. Thus, auditors who have a high attitude of independence will increase their intrinsic motivation.

Hypothesis: Auditor independence has a positive effect on intrinsic motivation.

Intrinsic Motivation and Audit Quality.

This hypothesis connects the influence of auditors' intrinsic motivation on audit quality. Self-determination theory provides an explanation that intrinsic motivation is a strong motivation to carry out the actions needed to achieve achievement (Deci and Ryan, 1985). Meanwhile, audit quality is the implementation of the auditor's duties which are guided by applicable standards, codes of ethics, legal rules and regulations.

Ryan and Deci, (2017) stated that intrinsic motivation is the highest continuum in a person's self-determination. This influences an individual's choices, emotional reactions, effort, control and persistence. Intrinsic motivation has a positive impact on performance because high intrinsic motivation allows effective regulation of human behavior through a series of self-regulation processes (Ryan and Deci, 2000).

Cerasoli et al., (2014) found a highly significant relationship between intrinsic motivation and performance in organizational settings using meta-analysis methods. The research findings show that there is a significant correlation between intrinsic motivation and performance in all samples related to academic, work and physical domains. This means that people who have high intrinsic motivation will improve their work performance. The same thing is also shown in the research results of Grant, (2008) on employee performance and Church et al., (2001) and Gottfried, (1985) on academic achievement.

In the context of auditors, Kadous and Zhou, (2019) conducted an experimental study of 95 auditors in China regarding how intrinsic motivation can improve auditors' judgment in complex audit tasks. The research results show that auditors whose intrinsic motivation is prominent show superior cognitive processing. They identified more issues that were primed at fair value, identified more issues that required in-depth processing, and requested more relevant additional audit evidence than auditors in the controlled motivation condition. Based on these findings, it can be concluded that intrinsic motivation provides unique value in enhancing the cognitive processes required for high-quality judgment in complex audit tasks.

H3. Auditors' intrinsic motivation has a positive effect on audit quality

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Auditor Independence, Intrinsic Motivation and Audit Quality

An auditor's intrinsic motivation in carrying out his work is very dependent on his basic psychological needs, one of which is autonomy. The basic psychological need for autonomy describes that individuals need to feel in control of their own behavior and goals. The basic psychological need for autonomy in this research is related to the auditor's independent attitude. Auditors who have confidence and are able to maintain a firm attitude of independence and professionalism will have strong intrinsic motivation. Tepalagul and Lin, (2015) in their literature study documented that auditor independence is a determining factor in the public accounting profession. Any threat to independence can undermine public trust. The decline in auditor independence is the main cause of the collapse of public accounting firms and corporate scandals. Without independence, the detection of the audit task to find material misstatements is questionable, because the report is biased which has an impact on low audit quality.

Furthermore, Fearnley et al., (2002) examined financial reporting panel review regulations in the UK and independence on the attitude of auditors' compliance with the rules. Financial reporting review panel regulations were found to have motivated auditors to increase compliance with audit standards and codes of ethics as their work guidelines. Another finding is that financial reporting panel review regulations have succeeded in increasing auditor independence.

Lee and Stone (1995) found that there is an influence between audit independence and competency on audit quality. Without independence, an audit opinion is meaningless, because the success of an audit largely depends on the independence of the auditor. Hussey and Lan (2001) document that an audit can only be of quality if the auditor is independent in reporting violations of the agreement between the principal and the agent. These findings indicate that auditor independence influences audit quality.

H4. Auditor independence has a positive effect on audit quality through intrinsic motivation

METHOD

Population and Sample

The population of this study is auditors who work in public accounting firms throughout Indonesia in all auditor positions starting from junior auditors, senior auditors, managers and partners, being active on duty or not on leave or inactive for other reasons. The total population is unknown. To determine the minimum number of samples in an unknown population, in determining the sample the researchers followed the advice of Hair et al. (2014) which states that in PLS-SEM based research the minimum number of samples should not be less than 100. The sample is selected using a snowballing sampling approach or also called chain-referral sampling, which is a sampling technique where one or several people are initially selected. sample and then the sample spreads based on the link to others. This research used a sample of 120 auditors who were willing to fill out a questionnaire via Google Form on WhatsApp (WA) social media.

Measurement

The statements in the questionnaire use the Likert Scale data measurement method which consists of five point scales, namely, statements of strongly agree (SS), agree (S), neutral (N), disagree (TS) and strongly disagree (TSS). This scale is used to determine how much the respondent agrees or disagrees with the statement given regarding auditor knowledge, auditor experience, auditor independence, intrinsic motivation and audit quality.

Auditor Independence

Independence is the characteristic of an auditor who has a mental attitude that is free from influence, is not controlled by other parties, and is not dependent on other people. Independence also means that there is honesty in the auditor in considering facts and there is objective, impartial consideration in the auditor in formulating and expressing his opinion, which then this attitude will be maintained by the auditor in making audit plans, carrying out audits and producing audit reports. Auditing norms, which include auditing standards and a professional code of ethics, clearly state that auditors are expected to always maintain their independence while carrying out auditing duties.

The indicators used to measure the construct of auditor independence refer to the instruments used by (Fossung & La Fortune, 2019; Mautz & Sharaf, 1993). The construct of auditor independence in this research is a multidimensional construct consisting of three dimensions, namely 1) independence in preparing the audit program which consists of 3 indicators which include freedom from pressure or managerial intervention, freedom from intervention in determining the selected audit procedures and freedom from coercion in audit work beyond reasonable limits in the audit process. The second dimension is independence in the field of audit which consists of 4 indicators which include free direct access to company activities, being able to collaborate actively with company leaders, being free from regulatory efforts by company leaders, and free from personal interests or relationships. The third dimension in measuring auditor independence is independence in preparing reports consisting of 4 indicators including free from one's feelings to change the impact of the facts reported, can avoid unreasonable practices, can avoid the use of unclear language and free from attempts to make the auditor's judgment.

Intrinsic Motivation

Intrinsic motivation is defined as the auditor's drive to engage in an activity primarily for the pleasure and satisfaction inherent in the activity itself. These internal rewards arise from overcoming challenges, achieving competence, and satisfying curiosity rather than from external consequences for performing a task. The indicators used to measure the auditor's intrinsic motivation construct

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refer to the indicators used by Kadous & Zhou, (2019). Indicators of intrinsic motivation in this research consist of: enjoyment of learning about the client's business, enjoyment of completing complex audit tasks, opportunity to improve analytical skills, curiosity, good at work, enjoyment of challenges, and job satisfaction.

Audit Quality

The quality of the audit produced by the auditor is in the form of work to examine financial reports along with all supporting information in a planned manner which allows the auditor to use his professional skills to find and report errors or violations that occur in the client's accounting system by being guided by auditing and financial accounting standards, complying with the rules, laws and legal rules, and are beneficial to the public interest. The indicators used to measure the audit quality construct in this research are several indicators that have been used by several previous researchers, such as (DeAngelo, 1981; Kantohe et al., 2021; Sila et al., 2015)

Data analysis method

This research data was processed using Partial Least Squares (PLS) with the help of SmartPLS software. The research model was evaluated in two aspects, namely the outer model and the inner model. Outer model evaluation is carried out by assessing the validity and reliability of the instrument, and inner model evaluation is carried out by considering the coefficient of determination (R²), predictive relevance coefficient (Q²), and hypothesis testing, where t statistic \geq t table (1.64) indicates support for the hypothesis

FINDINGS AND DISCUSSION

Respondent Characteristics and Descriptive Statistics.

Based on distributing questionnaires using the Google Form link and being willing to fill out the questionnaire and can be used for further processing, there were 110 respondents, the majority of whom had junior auditor positions around 51.8%, 33.6% had senior auditor positions, 12.7 % of respondents have manager positions and around 11.8% of respondents have partner positions. 58 respondents or a percentage of 52.7 percent were male auditors, and 52 respondents or a percentage of 47.3 percent were female auditors. Most of the respondents' age range was 20-25 years old, around 33.6%. Respondents with a bachelor's/Diploma 4 educational background dominate in this research. Table 2 shows that almost all the indicators that form the construct in this study have an average value above 4. This shows that respondents gave a high assessment of the agreement regarding the independence variable, intrinsic motivation in improving audit quality. The audit quality construct has a high rating and tends to agree with the audit quality characteristic variables.

Table 1. Descriptive Statistics

| Indicator | Minimal | Maximum | Indicator Average | Mean Construct | Standard Deviation |
|-------------|---------|---------|-------------------|----------------|--------------------|
| Indep. Per1 | 1 | 5 | 4,027 | 4.01 | 0.5806 |
| Indep. Per2 | 1 | 5 | 3,997 | | 0.5382 |
| Indep. Per3 | 1 | 5 | 4,027 | | 0.5333 |
| Indep. Pem1 | 2 | 5 | 4,036 | 4.09 | 0.4285 |
| Indep. Pem2 | 3 | 5 | 4,127 | | 0.3639 |
| Indep. Pem3 | 2 | 5 | 4,109 | | 0.4118 |
| Indep. Pem4 | 1 | 5 | 4,118 | | 0.4160 |
| Indep. Pel1 | 2 | 5 | 4,045 | 4.10 | 0.4715 |
| Indep. Pel2 | 2 | 5 | 4,173 | | 0.3222 |
| Indep. Pel3 | 3 | 5 | 4,173 | | 0.3083 |
| Indep. Pel4 | 2 | 5 | 4,027 | | 0.4910 |
| Mot.1 | 2 | 5 | 4,309 | 4.28 | 0.4056 |
| Mot.2 | 3 | 5 | 4,400 | | 0.3653 |
| Mot.3 | 3 | 5 | 4,400 | | 0.3528 |
| Mot. 4 | 3 | 5 | 4,327 | | 0.3639 |
| Mot. 5 | 3 | 5 | 4,309 | | 0.3833 |
| Mot. 6 | 2 | 5 | 4,191 | | 0.0424 |
| Mot. 7 | 1 | 5 | 3,982 | | 0.6278 |
| Qual.1 | 3 | 5 | 4,355 | 4.16 | 0.3576 |
| Qual.2 | 2 | 5 | 4,055 | | 0.3840 |
| Qual.3 | 1 | 5 | 3,318 | | 0.6750 |
| Qual.4 | 3 | 5 | 4,400 | | 0.3528 |
| Qual.5 | 2 | 5 | 4,273 | | 0.4181 |
| Qual.6 | 3 | 5 | 4,473 | | 0.3708 |

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Validity and Reliability

Table 2. AVE and Communnality Values

| Dimensions | Indicator | Outer Loading | AVE |
|---------------------------|-------------|---------------|-------|
| Planning Independence | Indep. Per1 | 0.909 | 0.822 |
| | Indep. Per2 | 0.933 | |
| | Indep. Per3 | 0.877 | |
| Audit Independence | Indep. Pem1 | 0.712 | 0.636 |
| | Indep. Pem2 | 0.748 | |
| | Indep. Pem3 | 0.859 | |
| | Indep. Pem4 | 0.861 | |
| Independence of Reporting | Indep. Pel1 | 0.792 | 0.703 |
| | Indep. Pel2 | 0.848 | |
| | Indep. Pel3 | 0.874 | |
| Intrinsic Motivation | Mot.1 | 0.748 | 0.584 |
| | Mot.2 | 0.739 | |
| | Mot.3 | 0.761 | |
| | Mot. 4 | 0.784 | |
| | Mot. 5 | 0.833 | |
| | Mot. 6 | 0.714 | |
| Audit Quality | Qual.1 | 0.798 | 0.570 |
| | Qual.2 | 0.612 | |
| | Qual.4 | 0.812 | |
| | Qual.5 | 0.752 | |
| | Qual.6 | 0.783 | |

The results of the convergent validity test in this study produced outer loading factor values > 0.6 for all constructs and AVE values in Table 3 > 0.5 for all constructs. The results of the Discriminant Validity test based on the Fornell and Larcker values in table 4 have a higher square roots value for the variable with a greater correlation with other latent variables, based on the cross-loading value in table 5 as a whole for the indicators that measure the variables independence, intrinsic motivation and audit quality produces a loading factor that is greater than the cross loading on other variables and has a Heterotrait-Monotrait Ratio (HTMT) value between variables in table 6 that is smaller than 0.90. Thus, it can be concluded that this research instrument is valid. \sqrt{AVE}

Table 3. AVE and Communnality Values

| Construct | Communnality | Average Variance Extracted |
|---------------------------|--------------|----------------------------|
| Independence | 0.6097 | 0.6507 |
| Audit Independence | 0.5785 | 0.636 |
| Planning Independence | 0.6201 | 0.822 |
| Independence of reporting | 0.5618 | 0.733 |
| Intrinsic Motivation | 0.5986 | 0.584 |
| Audit Quality | 0.5701 | 0.570 |

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Table 4. Fornell and Larcker values

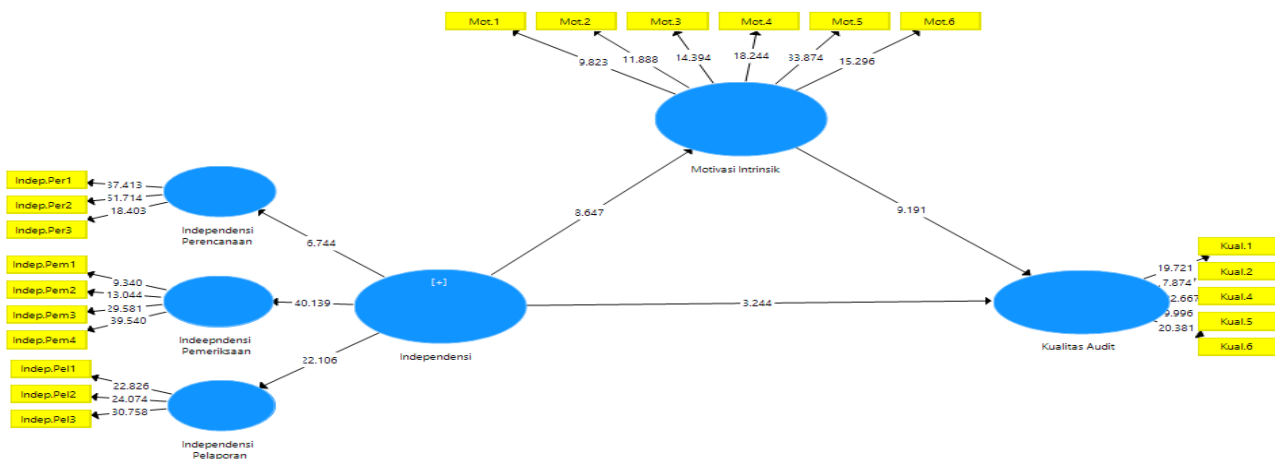
| Variable | Independence | Quality Auditing | Motivation Intrinsic |
|----------------------|---------------|------------------|----------------------|
| Independence | 0.4931 | | |
| Audit Quality | 0.3910 | 0.5243 | |
| Intrinsic Motivation | 0.3778 | 0.4917 | 0.5306 |

Table 5. Cronbach's Alpha and Composite Reliability Values

| Dimensions/Construction | Cronbach's Alpha | Composite Reliability |
|---------------------------|------------------|-----------------------|
| Independence | 0.608 | 0.626 |
| Independence of Reporting | 0.547 | 0.608 |
| Audit Independence | 0.561 | 0.607 |
| Planning Independence | 0.619 | 0.648 |
| Intrinsic Motivation | 0.595 | 0.621 |
| Audit Quality | 0.562 | 0.603 |

Table 7. Direct Effect Hypothesis Test Results

| Hypothesis | Direct Influence | Coefficient | T statistics | Decision |
|------------|-------------------------|-------------|--------------|----------|
| H1 | INDEPENDENCE ->QUALITY | 0.253 | 3,244 | Accepted |
| H2 | INDEPEDENCE->MOTIVATION | 0.544 | 8,647 | Accepted |
| H3 | MOTIVATION-> QUALITY | 0.572 | 9,191 | Accepted |



Indirect Influence

Table 10. Indirect Effect Hypothesis Test Results

| Hypothesis | Specific Indirect Effects | Coefficient | T statistics | Decision |
|------------|---|-------------|--------------|----------|
| H4 | Independence -> Intrinsic Motivation -> Audit Quality | 0.311 | 6,288 | Accepted |

Source: Processed Data

DISCUSSION

The test results show empirical evidence that Hypothesis 1 (H1) is supported by a positive coefficient. This means that the higher the level of independence or impartiality of the auditor in providing audit assessments, the greater the possibility of achieving a quality audit. The results of this research support agency theory, that monitoring costs in agency fees can be carried out by collaborating with an independent auditor. To ensure that financial reports as a control tool for principals are free from material misstatements, during the audit process this independent attitude needs to be maintained and encouraged to produce high audit quality. This attitude guides auditors to behave or act in accordance with established procedures or standards to produce quality audits. In auditing norm theory, it is explained that independence is a mental attitude that auditors should have to be impartial in

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conducting audits. The public who use audit services view that auditors will be independent of the financial reports being examined and the creators and users of financial reports. If the auditor's position is not independent then the results of the auditor's work will be completely meaningless (Mautz & Sharaf (1993). The results of this research support the results of research conducted by Patrick et al., (2017) and Tepalagul & Lin, (2015) which reviews several literature related to the relationship between independence and audit quality. The results of their literature study reveal that auditor independence is an important factor that influences audit quality. The findings of this research are also supported by research conducted by Ardhani et al., (2019); Chiang, (2016) and Halim et al., (2014) who found that auditor independence has a positive effect on audit quality. Audit quality will increase if the auditor conducting the audit has high independence.

The test results show empirical evidence that independence has a direct effect on motivation. This means that auditors with strong and firm independence during the auditing process have an impact on increasing intrinsic motivation. The results of this study are in line with the research results Fearnley et al., (2002) which states that auditors with strong independence lead to compliance with rules to achieve set goals. This is in line with the aim of self-determination motivation theory, namely to explain how individuals regulate their behavior through motivation that is built and oriented towards self-awareness, which is called intrinsic motivation. (Deci & Ryan, 1985). Furthermore, Ryan and Deci (2000) explained that intrinsic motivation as the highest continuum in a person's self-determination theory, is very dependent on their basic psychological needs, one of which is autonomy (auditor independence) (Deci & Ryan, 1985). Auditors who have confidence and are able to maintain a firm attitude of independence and professionalism will have strong intrinsic motivation. The results of this research explain that the dimensions used to measure auditor independence are very influential in increasing auditors' intrinsic motivation. The dimension of audit independence is the most dominant dimension in forming the construct of auditor independence compared to the other two dimensions, namely the dimensions of planning independence and reporting independence.

Based on the test results, empirical evidence was obtained that H3 was supported by a positive coefficient. This means that the more the auditor's intrinsic motivation increases, the greater the possibility of achieving a quality audit. The results of this research support the self-determination theory which explains that intrinsic motivation is the highest continuum in a person's self-determination. This influences an individual's choices, emotional reactions, effort, control and persistence. Intrinsic motivation has a positive impact on performance because high intrinsic motivation allows effective regulation of human behavior through a series of self-regulation processes. (Ryan & Deci, 2000) And Ryan & Deci, (2017). The results of this research are also in line with research conducted by Kadous & Zhou, (2019). The study concluded that auditors whose intrinsic motivation is prominent show superior cognitive processing. Auditors identified more issues that were primed at fair value, identified more issues that required in-depth processing, and requested more relevant additional audit evidence than auditors in the controlled motivation condition in increasingly complex audit tasks.

Testing the Indirect Effect Hypothesis

In this research, the auditor's intrinsic motivation mediates the influence of the auditor independence variable on audit quality. The results of this research indicate that the novelty of this research is using intrinsic motivation variables to mediate the influence of auditor independence on audit quality. This means that intrinsic motivation is proven to clarify the influence of auditor knowledge and independence on audit quality. The results of this research are in line with the statement put forward by Kadous & Zhou, (2019) that auditors' intrinsic motivation indicates superior cognitive processing. Auditors identifying more issues that are superior to fair value, identifying more issues that require in-depth processing, and requesting more relevant additional audit evidence than auditors in conditions of controlled motivation in increasingly complex audit tasks are likely to have an impact on increasing auditor judgment in audit tasks. complex. An auditor's special competence becomes more complete and stronger if it is supported by high knowledge in building logical reasons and accompanied by an independent attitude that is always maintained firmly during the audit process. This is an illustration of the auditor's capability in increasing his intrinsic motivation using the breadth of knowledge and independent attitude he has. In this way, it will be easier for auditors to detect areas that frequently become audit findings, such as weak internal controls. One of the most appropriate measures to increase auditors' intrinsic motivation is to always pay attention to basic psychological needs (Ryan and Deci, 2020) so that this becomes the basis for making decisions. So, the ability to increase intrinsic motivation always pays attention to knowledge and is supported by auditor independence in considering all data and information collected in order to improve the quality of the auditor's work results.

CONCLUSIONS, CONTRIBUTIONS, LIMITATIONS AND RECOMMENDATIONS

CONCLUSION

The results of the research show that audit quality can be improved in line with improvements made in aspects related to independent attitudes and high intrinsic motivation of auditors in their behavior. The results of the empirical tests carried out indicate that auditors' intrinsic motivation tends to have a moderate influence in mediating the relationship between independence and audit quality. The more complex and challenging the work faced by auditors, it must be supported by the skills or expertise of each individual, especially those obtained from independent knowledge and attitudes while carrying out tasks which can then be used as a driver of the auditor's intrinsic motivation.

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Based on the results of the analysis of respondents' descriptions, it shows that the majority of respondents have junior auditor positions with a service period of less than three (3) years. As a junior auditor, his position is to assist senior auditors in carrying out the audit process for clients. The junior auditor's duties include carrying out detailed audit procedures and creating working papers to document the audit work that has been carried out. So a junior auditor does not completely carry out the audit process because some audit tasks that require a high level of knowledge and experience are handled directly by senior auditors and managers. So it can be concluded that junior auditors still lack experience, both experience auditing financial reports in general, auditing certain client industries and auditing certain client businesses.

Contribution

The results of this research contribute to the behavioral accounting and auditing literature, especially studies on audit quality. The results of this research support agency theory. The results of this study also support the self-determination theory of Ryan & Deci, (2020) through the explanation that independence are sources of intrinsic motivation that can increase auditors' motivation in carrying out quality auditing tasks. The important role of intrinsic motivation is also demonstrated through the mediating influence of independence on audit quality. Apart from that, intrinsic motivation has a moderate to high influence in mediating the influence of independence on audit quality.

The next contribution is a practical contribution in this case in the form of input aimed at public accounting firms and auditors to re-evaluate the quality of their audits through knowledge, independence and intrinsic motivation. The results of this empirical research have succeeded in proving that audit quality becomes better as a result of the quality of independence mediated by intrinsic motivation, although the influence is still low and moderate. The input that can be submitted is regarding the strategy of the public accounting firm in maintaining and also increasing the motivation of auditors to always work professionally by always maintaining an attitude of independence, integrity and what is no less important is improving the non-technical abilities of auditors through continuing professional education. so that knowledge becomes broader and more open.

Limitations

The limitation of this research is that the characteristics of auditors have various dimensions or interesting sides that need to be researched, especially in relation to the auditing profession. The personality aspect has quite a lot of dimensions, but this research only focuses on several main aspects that are considered to have an impact on audit quality. Several other factors may also have an impact on audit quality, including behavioral, cultural, political, family, ethical and moral factors and certain conflicts of interest. These factors can influence audit quality and the study results obtained may be different from what researchers get now, this happens because of the effects of different individual auditors. Apart from the dimensions of auditor characteristics, another limitation is that respondents who were sent questionnaires via Google Form sent to the email address at each KAP did not respond due to being busy, so the return rate for questionnaires using this method was lower compared to asking colleagues for help as liaisons in the group. whatsapp the auditor to collect the questionnaire.

Suggestion

Suggestions for future research are that research on audit quality is not solely related to aspects of the auditor's personality. The issue of audit quality is multidimensional and can be interpreted in various and even different ways due to the different interests of each user. Several other factors can also influence auditing, including external aspects of the auditor, such as client characteristics, legal regulations, auditing organizational culture, auditing environment, the role of professional organizations and supervision or pressure from international audit organizations. These aspects can be used as interesting research objects for academics and future researchers.

This research has a low level of generalization even though it was conducted on auditors throughout Indonesia. Data collection was carried out based on proximity using non-probability methods in the form of snowballing techniques. Further research can be carried out in a particular area using experimental research methods, considering that this method prioritizes internal validity, and does not require many subjects so that the process is more efficient and more real in nature.

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