THE INFLUENCE OF TIME-BUDGET PRESSURE ON AUDIT QUALITY OF PUBLIC ACCOUNTANT FIRMS IN DKI JAKARTA

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ABSTRACT

This research is conducted to examine the effect of time-budget pressure and gender differences on audit quality. This research is used primary data that collected by distributing questionnaires to auditors. The respondent of this research are auditors who works in public accountant firms in DKI Jakarta. The tool used for data analysis was multiple linear regressions. The result of this research shows that the time-budget pressure affects the audit quality. The higher the time-budget pressure that felt by the auditors, the better the audit quality that produced

Keywords: Audit, Audit Quality, Time-Budget Pressure, Public Accounting Firms.

RESEARCH BACKGROUND

Audit is a systematic process for obtaining and evaluating evidence carried out objectively regarding statements regarding economic activities and events, which are carried out with the aim of determining the level of conformity between the statements and the criteria set. It can be interpreted in general that auditing is a systematic process carried out by competent and independent people by collecting evaluation of evidence and aims to provide opinions regarding the fairness of a financial report (Fonda, 2014).

Public accountants are the third parties, public accountant mediate the management of companies with parties outside the company concerned. Public accountants are tasked with providing opinions about the fairness of financial statements presented by management, so that the information contained in financial statements can be trusted. The trust that has been given to public accountants requires public accountants to pay attention to the audit quality of the audited financial statements because audit quality is important. This is because by conducting a quality audit it will produce a quality audit report as well. A quality audit report will avoid user information from the risk of errors in decision making. Audit quality is a function of the auditor's ability to detect reports that are misstatements and market independence.

The time-budget planned by the auditor is getting shorter and harder to achieve so it will bring a large level of pressure for the auditor so that the auditor will do all the behaviors he thinks can complete the task on time.
This behavior will later affect the quality of the audit produced, (Suprianto, 2009: 4). This is also supported by Fauziah (2010) in his research explaining that audit quality can be influenced by the time budget that has been made during planning. This is possible because at the reporting date of the deadline for the auditor staff to reduce the time for assignment by cutting and also testing it less on the sample selected. This opinion is also evidenced by various previous studies that prove that time-budget pressure can affect audit quality. The research from Suprianto (2010) which proves that time budget pressure has an influence on audit quality, the greater the time budget pressure it will increase the auditor to carry out an increasingly high audit quality. The Tamtama (2011) study also proves the influence of time budget pressure on audit quality shows a significant nature, meaning that this variable can or is absolutely the basis for estimating audit quality. Therefore, the accuracy of the completion of work is one of the criteria of measuring audit quality, this is understandable because the auditor's activity is a profession, then the time used by the auditor to complete the work must also be calculated as a reciprocal requirement given by the auditor to the community who has given him trust. If the auditor can complete the work that has been entrusted to him in a timely manner, it means that he can maintain the quality of his work and safeguard the trustworthiness values of society that have been given to him, so that the auditor has responsibility for the profession (Pratiwi, 2008).

Based on those previous research, there are still some differences in the result. Those differences encourage the researcher to further examine the audit quality by combining Time-Budget pressure as the independent variables.

This research was conducted in Public Accountant Firms in DKI Jakarta because Jakarta is the capital city of Indonesia and also the center of business in Indonesia, so there are lots of companies that decided to locate their headquarter in Jakarta, and companies need independent party to examine their company for the sake of the company itself and also for the needs of the shareholders of the company, and that's why lots of public accountant firms also located in Jakarta because they reaching their customers, which is the company.

Auditor who works in public accountant firms in DKI Jakarta works above the normal working time almost everyday, and sometime they still working even on their holiday or on Saturday and Sunday. That's because of the very tight schedule and they really need to finish their job before the due date. They often start working at 8 o’clock in the morning and finish their work for the day at 5 o’clock in the morning which is very frustrating because of course they didn’t have time for their own sake.

RESEARCH PROBLEM

Based on the research background above, there are problem that raised in this study:

1. Does Time-Budget Pressure has a significant influence on audit
quality in Public Accountant Firms in DKI Jakarta,

RESEARCH PURPOSE
This study aims to determine the influence of Time-Budget Pressure on Audit Quality in the Public Accountant Firms in DKI Jakarta.

RESEARCH CONTRIBUTION
This research is expected to contribute Theoretically to add scientific references on audit quality, and also contribute Practically to help auditor to improve their audit quality in case of having pressure on time-budget pressure.

LITERATURE REVIEW
The Theory of Planned Behavior
The Theory of Planned Behavior is a development of the previous theory, which is Theory of Reasoned Action proposed by Icek Ajzen and Martin Fishbein. In the theory of reasoned action, where this theory is a theory used to estimate one's behavior. In the theory of reasoned action (theory of reasoned action) has two main predictions in assessing one's intention to behave, attitude toward the behavior and subjective norm (Ajzen, 1991). The theory of Reasoned Action was later expanded and modified again by Icek Ajzen into the Theory of Planned behavior. According to Ajzen analysis, the theory of reasoned action (TRA) can only be used for behavior that is completely under the control of the individual, and is not suitable if used to explain behavior that is not fully under individual control because of other factors that might inhibit or support achievement of individual intention to behave, so Ajzen in the Theory of planned behavior (TPB) adds an antecedent factor, namely perceived behavioral control. In the Theory of planned behavior explains that a person's behavior will arise because of the intention to behave.

This theory helps explain the existence of time-budget pressures that can affect audit quality. Budget-time is planned according to the agreed audit planning. Everyone can have various kinds of beliefs about a behavior, but when faced with a particular event, only a few of these beliefs arise to influence behavior. This little belief stands out in influencing individual behavior (Ajzen 1991).

Audit
Audit is the collection and evaluation of evidence on information to determine and to report on the degree of conformity between information and criteria that have been set (Arens et al., 2012, on Ningsih, 2015). As stated by Mulyadi (2002) in Tjun et al., (2012) that audit is a systematic process to obtain and to evaluate evidence objectively about statements, about economic activities, and events with the aim of determining the degree of conformity between the statements and the criteria that have been set, and the delivery of results to interested users.

From those explanations about the audit, it can be concluded that audit is a process carried out critically and systematically by someone independent and competent in objectively collecting and evaluating evidence about economic activities to provide opinions on the fairness and appropriateness of information with pre-determined criteria.
Audit Quality
Audit quality relates to auditors’ guarantees in the form of statements that financial statements do not present material errors or contain fraud. In its implementation, the auditor must comply with the relevant code of ethics. The accountant’s code of ethics is a behavioral norm that regulates the relationship between the auditor and the clients, between the auditor and his/her colleagues and between the profession and the community (Nugrahaningsih, 2005). Ethical principles are required by profession so that a professional is required to behave more highly than the general public. Professional ethics covers standards of attitude for a professional in carrying out his duties (Ikhsan, 2007). Professional ethics are written and formally stated in the form of a code of ethics. The code of ethics aims to regulate a professional group in society through written provisions that must be held by the group (Bertens, 1993). The Public Accountant Code of Professional Ethics establishes the basic principles of professional ethics, which include:

1. Integrity
   The principle of integrity requires every Practitioner to be firm, honest and fair in his professional relationships and business relations (Section 110).

2. Objectivity
   The principle of objectivity requires the practitioner not to allow subjectivity, conflict of interest, or improper influence from other parties that affect professional judgment or business considerations (Section 120).

3. Professional Competence and Accuracy and Prudence
   The principle of professional competence and carefulness and prudence requires every practitioner to maintain the professional knowledge and expertise needed to guarantee the provision of competent professional services, as well as to use his professional skills carefully in accordance with professional standards and professional codes of ethics applicable in providing professional services. (Section 130)

4. Confidentiality
   The principle of confidentiality requires every practitioner not to take actions such as disclosing confidential information obtained from professional relationships and business relations to parties outside the PAF or the network of PAF where he works without special authority unless there is an obligation to disclose it in accordance with legal provisions or other applicable regulations, and use confidential information obtained from professional relationships and business relationships for personal or third-party profits.

5. Professionalism
   The principle of professional behavior requires every practitioner to fulfill every applicable law and
regulation, and to avoid any actions that can discredit the profession. Professionalism includes every action that can lead to the creation of negative conclusions by a rational third party and understand relevant information, which can reduce the reputation of the profession.

Audit quality can be improved if a public accountant or an independent auditor in carrying out his audit procedures always holds the principles of professional ethics above. In ISA (International Standard on Auditing), 220 stated that good audit quality could be seen from:

1. Work implementation that complies with professional standards and applicable legal and regulatory provisions;
2. Compliance with applicable firm quality control policies and procedures;
3. Issuance of auditor reports that are appropriate to their conditions;
4. The ability of the engagement team to convey matters of concern without fear of things that could harm him.

According to Tjun et al. (2012), audit quality can be concluded as all the possibilities (probability) where the auditor, when auditing the financial statements of the client, can find violations that occur in the client's accounting system and report it in audited financial statements. In carrying out his duties, the auditor is guided by auditing standards and codes relevant to public accountant ethics.

Besides, Jurana (2011) explained that auditor's reputation determines the credibility of financial statements. A reputable public accounting firm is estimated to be able to conduct audits more efficiently and have greater flexibility to complete audits in accordance with the schedule. Audits that work on large PAF are generally seen as high-reputation auditors. Compared to PAFs that have a bad reputation, PAFs that have a high reputation generally have a more significant resource such as; competence, expertise, auditor capabilities, facilities, systems, and audit procedures used. Riespika and Sri (2012) concluded that audit quality concerns auditor compliance in fulfilling procedural matters to ensure confidence in the reliability of financial statements.

Audit Quality is an important matter that becomes the auditor's attention in audit work (Jurana, 2011). A good audit quality will be achieved if the auditor carries out the correct audit steps. DeAngelo (1981) inJurana (2011) defined audit quality as the probability that the auditor will find and report violations to the client’s accounting system.

**HYPOTHESIS DEVELOPMENT**

The researcher wants to examine the influence of Time-Budget Pressure on audit quality in Public Accountant Firms located in DKI Jakarta, and by learning from related theory and previous research that conducted by expertise, hypothesis that can be drawn by researchers to be tested is:
H1: Time-Budget pressure has a positive effect on audit quality in the Public Accountant Firms in DKI Jakarta

RESEARCH METHOD

This research is quantitative research by testing hypotheses on research variables. Then, the research type is Correlation Study, specifically, the researcher intends to find out the relationship between the independent variables (influencing variables) which in this case is represented by Time-Budget pressure with the dependent variable (influenced variable), audit quality. Furthermore, the researcher did not make arrangements in the study because the object of research was based on the facts that existed so that this study was natural. Thus, the researcher's intervention was low in this study. Besides, the research strategy used was survey research since this study bluntly information about the behavior of Public Accountant Firm auditors as objects of research.

This study uses an individual analysis unit, namely the auditor of KAP (Public Accounting Firm) in DKI Jakarta. The researcher chose an individual analysis unit because the researcher will collect data from each auditor and treat the response of each auditor as an individual data source. Furthermore, the time horizon in this study is the Cross-Sectional Study (One-Shot Study), because the structure of the research data is only collected for several weeks in order to answer the research statement.

POPULATION AND SAMPLE

Population

The population in this study were auditors working at Public Accounting Firm (KAP) in DKI Jakarta that was registered on IAPI 2016. The total population of auditors at Public Accounting Firms in DKI Jakarta is unknown. The parties that will be involved as respondents for this research are auditors with all positions, starting from team coach, team leader, and audit team members so that the results of the study can be generalized in DKI Jakarta in 2018. Several reasons for the author to conduct the population, are:

1. Data obtained from the Indonesian Institute of Certified Public Accountants (IAPI), the number of KAP in DKI Jakarta amounted to 255 KAP and facilitated the submission of questionnaires.
2. DKI Jakarta is the largest city in Indonesia and is the center of the economy in Indonesia by having a large number of KAP with wide coverage and opportunities, and has a high potential to get many respondents for the research accuracy.

Sampling

The sample in this study were 150 auditors who worked for Public Accountants in DKI Jakarta. An unknown sample of the population is determined by referring to the statement of Roscoe (1975) in Sekaran and Bougie (2013: 269). The statement explained that the right sample size in the study was more than 30 and less than 500 and in the multivariate study, the size of the measure should be 10
times or greater than the number of variables in the study. Therefore, the researcher proposed 150 auditors as respondents.

The sampling design in this study uses the convenience method, which is non-probability sampling with consideration if each population element does not have the same opportunity to be selected as the sample or the most easily accessible member selected as the research subject. This method is used to simplify the research process and has the advantages of being fast, easy, and affordable.

This research used snowball sampling as a way of collecting the sample. Snowball sampling is one of the non-probability sampling technique, the current study subjects lead to another subject for another sample. By employing this method, it is easier to find lots of capable subjects as the sample.

**Data Gathering**

Data sources used in this study are primary data that directly examine KAP auditors through a list of structured statements (questionnaires). It aims to collect information that will be used to analyze problems.

Data collection techniques used to obtain the desired data in this study are:

1. **Field research**

   The definition of field research is a primary data collection technique, the data are obtained by conducting research directly to the location of the study in accordance with the problems studied using a questionnaire is a method of collecting data by providing a list of questions or questionnaires that have been provided to respondents. The questionnaire given to the respondent is closed in the sense of expecting a short question or selecting the answer options available. Data collection method begins by contacting KAP to confirm, then go to KAP directly, and leave a questionnaire equipped with a letter of request to conduct research on auditors in the KAP. The researcher will take back the questionnaire approximately one to three weeks after the questionnaire is deposited, and then analyze the data obtained from the results of the questionnaire.

2. **Literature Research**

   It is a secondary data collection technique that uses journals, expert opinions, and previous researches to support primary and secondary data obtained during the research and support the discussion of problem identification. Literature writing is done by reading, studying, and reviewing literature which relates to the object of research, so that the data obtained is expected to be supported by a relative basis.

**Research Variables**

Three variables will be used in this study Time-Budget pressure, and audit quality. The measurement of the variable indicators used in this study is based on the audit quality standards listed in ISA 220, which are then further developed to obtain research results that are easier to measure. The indicators of the research variables used can be seen in Table 3.1.
Table 3.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Indicator</th>
<th>Measuring Scale</th>
<th>Instrument</th>
</tr>
</thead>
</table>
| X: Time-Budget Pressure | 1. Time-Budget Understanding  
2. Time-Budget Responsibility  
3. Performance assessment by the boss  
4. Fee allocation for audit cost  
5. Time-Budget Revision Frequency | Interval Scale   | Questionnaire |
| Y: Audit Quality  | 1. Audit completion under a predetermined budget time  
2. Produce accurate independent auditor reports | Interval Scale   | Questionnaire |

Analysis Data Method
The basics that have been obtained will be processed, analyzed, and processed further through a quantitative approach using relevant statistical methods to test the hypothesis. This research goes through several stages, namely data quality test, classic assumption test, and hypothesis test.

Data Quality Test
a. Validity Test
Validity test is to determine whether the questionnaire used in the study can measure the attributes in question. Validity testing can be done by correlating each factor or variable with the total factor or variable by using the correlation (r) product moment.

b. Reliability Test
Reliability testing is used to find out whether the questionnaire can provide a consistent size or not. A questionnaire is said to be reliable when a respondent’s answer to a statement is consistent or stable over time. Reliability in this study was tested using the Cronbach’s Alpha coefficient. The question is said to be reliable if the reliability coefficient is more than or equal to 0.50.

The higher the Alpha coefficient, the more reliable the questionnaire. An item is said to be unreliable if the item is removed, it will make the Alpha coefficient greater, and conversely, an item is said to be reliable if the item is removed, it will make the Alpha coefficient smaller.

Classical Assumption Test
A good regression model is free from standard assumption deviations. This test is done so that the multiple linear regression used is appropriate to predict variables.

1. Normality test
Normality test is used to test whether in a dependent variable regression model and the
independent variable have a normal or near-normal distribution.

2. Auto-correlation Test
   Auto-correlation test is used to test whether in a linear regression model there is a correlation between the interfering errors in period t with errors in the period t-1 (before).

3. Multicollinearity Test
   This multicollinearity test is conducted to find out that there is no forceful relationship or there is no perfect linear relationship, or it can also be said that between independent variables are not interrelated.

4. Heteroscedasticity test
   Heteroscedasticity test is used to test whether in the confounding error linear regression model (e) has the same variance or not from one observation to another observation. To test heteroscedasticity, it can be seen from the significant value of Rank Spearman correlation between each independent variable with the residual. If the significant value is greater than α (5%), there is no heteroscedasticity, and vice versa if it is smaller than α (5%) then there is heteroscedasticity.

**Hypothesis Test**
   The hypothesis in this study was tested using multiple regression models. The multiple regression model aims to predict the size of the dependent variable by using the independent variable data that are already known to be large. The Independent variables is Time-Budget pressure while the dependent variable is audit quality.

**RESEARCH RESULT AND EXPLANATION**

**Respondent’s Characteristics**
   Distributed questionnaires were filled by 150 respondents, however, there were only 139 valid questionnaires for further investigation. The other 11 questionnaires were not sent by the respondents. Form the 139 questionnaires, it can be obtained the characteristics of respondents based on age and sex. The description of respondents' characteristics in detail below:

**Respondent’s Age**
   Data on respondents’ characteristics based on age can be seen in Table 4.1 below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Age</th>
<th>Respondents Amount (Seniority)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20 - 30 Years Old.</td>
<td>73</td>
<td>52.5</td>
</tr>
<tr>
<td>2</td>
<td>30 - 40 Years Old.</td>
<td>31</td>
<td>22.3</td>
</tr>
<tr>
<td>3</td>
<td>40 - 50 Years Old.</td>
<td>21</td>
<td>15.1</td>
</tr>
<tr>
<td>4</td>
<td>&gt; 50 Years Old.</td>
<td>14</td>
<td>10.1</td>
</tr>
<tr>
<td>Total</td>
<td>139</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
DISCUSSION
The Influence of Time-Budget Pressure (X) on Audit Quality (Y)

Based on the results of partial regression analysis, it obtained \( t_{\text{counted}} = 11.518 > t_{\text{table}} = 1.978 \) or significance \( t < 0.000 < 0.05 \), then \( H_0 \) which says that there is no significant positive effect Time-Budget Pressure on Audit Quality is rejected, and \( H_1 \) which says that there is a significant positive influence of Time-Budget Pressure on the Audit Quality is accepted. \( B \) (partial regression coefficient value) Time-Budget Pressure value of 0.995 means that if the Time-Budget Pressure of employees is increased, then Audit Quality will increase by 0.995. Thus, the conclusion is that there is a significant positive influence of Time-Budget Pressure on Audit Quality.

Prasita and Hari (2007) stated that too much allocated time makes auditors lazier and demotivated to be more active in work. Conversely, if the time allocation given is too narrow, it can lead to counterproductive behavior, due to neglected tasks. Auditing time must be allocated realistically, i.e. not too long and not too fast.

Research from Prasita and Hari (2007) shows that Time-Budget Pressures have a negative and significant effect on audit quality. It is supported by Setyorini and Dewayanto (2011) who stated that Time-Budget Pressures have a negative influence on audit quality. Similar research conducted by Wilasittha (2015) argued that Time-Budget Pressures significantly have a positive influence on audit quality. Results from previous studies drew the researcher to further examine the influence of Time-Budget pressure on audit quality in Public Accountant Firms located in DKI Jakarta.

So the explanation of the symptoms now clear, they are in the very tight schedule because if we see based on this result, time pressure has positive impact on the audit quality, so auditors who works in public accountant firms in DKI jakarta are managed to work in that kind of tight schedule because the public accountant firms is trying to give their client audit report with good quality.

CONCLUSION AND SUGGESTION

Conclusion
This research was conducted to find out which variables influence Audit Quality. In this research, the independent variable used is the Time-Budget Pressure (X), while the dependent variable used is Audit Quality (Y).

Based on the calculation of multiple linear regression analysis, it is known that:

1. Based on the results of the \( t \) test, it was found that the Time-Budget Pressure variable has the largest \( t \)-count and beta coefficient. So that the Time-Budget Pressure variable has the most substantial influence compared to the other variables, the Time-Budget Pressure variable has positive influence on Audit Quality.

Limitation
There are some limitations on this research that will be listed below:

1. This research conducted only in the public accountant firms in
the capital city of Indonesia, which is DKI Jakarta. Therefore, this research cannot be generalized to all auditors in Indonesia.

2. Most of the respondents of this research are junior auditors, there are also senior auditors, assistant managers, managers, and even partners from the public accountant firms, but still, most of the respondents are juniors, so the experience they have are not as lots as the other ranks.

3. Some respondents were filling the questionnaire randomly, and it is for sure affecting the result of this research.

4. There is some questionnaire that have not returned to the researchers, maybe because of the tight schedule that the respondents had. There are 11 not returned questionnaires in a total of 150 questionnaire.

**Suggestion**

Based on the conclusions above, a number of suggestions are expected to be useful for the company and other parties. As for the advice given, among others:

1. Given that the independent variables in this research are critical in influencing the Audit Quality, it is expected that the results of this research can be used as a reference for further researchers to develop this research by considering other variables which are other variables outside the variables that have been included in this research.

2. For the further research, it is suggested to expand the amount of the respondents and also increasing the amount of the public accountant firms

3. Public accountant firms and client should consider the time budgeting on the audit planning. The time that allocated on the audit should not be too tight, but also should not be to loose, because it is influencing the audit quality that produce by the auditors.
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