

# The Influence of Audit Switching, Workload and Auditor Specialization on Audit Quality in the Public Accounting Office in Medan

Nurul Astriana<sup>1</sup>, Erlina<sup>2</sup>, Isfenti Sadalia<sup>3</sup>

<sup>1,2,3</sup>Department of Accounting, Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia

Corresponding Author: Nurul Astriana

DOI: <https://doi.org/10.52403/ijrr.20230907>

## ABSTRACT

This study aims to empirically examine the effect of audit switching, workload, and auditor specialization on audit quality at Public Accounting Firms in Medan City. The sample of this study was 103 public accountants at 25 KAPs in Medan City using the validity-reliability test to test the validity and reliability of the questionnaires given and the classic assumption test, which is required for conducting multiple linear regression analysis. The research results and testing of the hypotheses that have been carried out show that the first hypothesis is accepted, where there is a positive and significant effect of audit switching on audit quality. The second hypothesis is rejected, where workload has a negative but insignificant impact on audit quality. The third hypothesis is accepted, where there is a positive and significant effect between auditor specialization and audit quality. The fourth hypothesis is accepted, where audit switching, workload, and auditor specialization simultaneously affect audit quality.

**Keywords:** *audit switching, workload, auditor specialization, and audit quality*

## INTRODUCTION

Every go-public company listed on the Indonesia Stock Exchange must submit financial reports that an independent auditor has audited. Audits are carried out to increase the value of a financial statement. In a company, financial statements have important roles and functions for internal and external parties (Khasani et al., 2018).

Financial reports are essential because financial statements also contain important information. The information in financial statements must meet reliable quality standards because the information will be used for decision-making. To guarantee that the financial statements have quality, companies and other interested parties need a third party, namely an independent party, who provides their services to assess the fairness of the information in the financial statements. The fairness of the presentation of financial statements can be proven true through an audit of financial statements by an independent party from an external company, namely a public accountant (Rizkiani et al., 2019). However, the interesting thing that is often found is the involvement of a Public Accounting Firm (KAP) in cases of fraudulent financial statements.

Tandiontong (2015) states that competent and independent people conduct quality audits. A competent auditor is an auditor who has technological capabilities, understands and performs the correct audit procedures, understands and uses the right sampling method, and so on. Conversely, an independent auditor is an auditor who, if he finds a violation, will independently report the violation. The probability that the auditor will report a breach of their independence depends on their competence level.

Khasani et al. (2018) stated that the purpose of an audit of financial statements is to express an opinion on the fairness, in all

material respects, financial position, operations results, equity changes, and cash flows by generally accepted accounting principles in Indonesia. Therefore, the quality of the audit is needed to provide a quality opinion. According to Jusuf (2017), Audit quality is a process to ensure that generally accepted auditing standards are followed in every audit. KAP follows audit quality control procedures that help consistently meet standards in each assignment. Audit quality is increasingly becoming a public concern after discovering many financial cases or scandals that have harmed many parties. Public Accountant Professional Standards (SPAP) regulate the general standards of auditing public accountants. In addition to preventing accounting violations and misstatements in financial statements, audit quality also helps accountants maintain public confidence in the accuracy and validity of audited financial reports that auditors have issued. Therefore, public accountants need to maintain and improve audit quality.

The phenomenon in the case of PT Kimia Farma Tbk, which failed to gain the trust of its shareholders, was due to the presentation of sales that were overstated and unable to be detected by KAP Tuankotta and Mustofa (source: bapepam.go.id). Then PT Sunprima Nusantara Pemfundan (SNP Finance) was audited by two public accountants, Marlinna and public accountant Merliyana Syamsul, and one KAP Satrio and colleagues were considered not to provide an opinion that as per the actual conditions in the audited annual financial report. Moreover, PT Tiga Pilar Sejahtera Food Tbk, whose financial statements were audited by KAP Amir Abadi Jusuf, Aryanto & Partners from 2004 to 2017 (14 years), had engineered by inflating net income in financial statements and recognizing fictitious revenue and inflating asset accounts from owned. From the phenomenon above, the audit switching in a company can affect the audit results, which determine the audit quality. In addition, the workload and specialization of an auditor are also considered to affect audit quality. This

study's factors affecting audit quality are audit switching, workload, and specialization.

The description of the phenomena and background above shows the importance of the relationship between audit switching, workload, and auditor specialization on the results of audit quality of a company's financial statements. There are inconsistent results from previous studies caused by differences in research objects and periods that cause research gaps, which later became the reason for researchers to research "The effect of audit switching, workload, and specialization on audit quality at Public Accounting Firms in Medan City".

## LITERATURE REVIEW

### Audits Switching

Audit Switching is a change of auditor, or Public Accounting Firm (KAP) carried out by the client company. Auditor switching is done with the hope that the auditor can maintain his independence. If the company does auditor switching, the autonomy of the KAP will also be held to produce good audit quality. Auditors must change assignments, both leaders and partners, every five (five) years and can then return to the same client (Arens et al., 2014). Regulation of the Minister of Finance No.17/PMK.01/2008 concerning public accounting services, states that KAP can provide general audit services for a maximum of 6 (six) financial years for the client entity, and the period for providing public accounting services by auditors or public accountants for a maximum of 3 (three) year client entity book. The policy on audit rotation can increase an important element in producing audit quality because a new auditor in auditing provides a unique view of auditing the client's financial statements (Daugherty et al., 2013). So, in this case, audit switching positively influences audit quality.

Research by Fauziyah et al. (2021) found a positive and significant effect of audit switching on audit quality. Meanwhile,

according to Budiantoro et al. (2021), audit switching has a negative impact on audit quality.

### **Workload**

The workload of an auditor is the workload that arises due to the number of clients that must be handled by the auditor and needs to be balanced with the limited time available in carrying out the audit process. Client companies and auditors certainly want quality audit results (output). Quality output is produced in the maximum effective use of resources or workforce allocated (Bills et al., 2016), and the effectiveness of labor output increases in line with the certainty of workload that fits the portion. A large increase in office-level workload can result in a reallocation of resources, resulting in increased labor or auditor constraints in producing quality audits (Bills et al., 2016).

Persellin et al. (2019) stated that a high workload decreased audit quality due to increased auditor working hours, which were at the peak of the busy season. Workload shows the capacity of the workload faced by an auditor, and workload can be seen from how many clients must be handled by an auditor so that there is limited time to complete the audit process. So, in this case, the workload influences audit quality negatively.

Fadhilah et al. (2021) proved that workload significantly negatively affects audit quality.

### **Auditor Specialization**

The auditor has a role as a decision-maker regarding the completeness of the accounting numbers from the results of the financial statements. The auditor must understand auditing and accounting knowledge and aspects of the client's industry (Siregar et al., 2018). Septiani et al. (2018) said that auditors who have faced many clients in the same sector have good knowledge and understanding of the

company's internal controls, company risks, and audit risks in that industry. In contrast, auditors specializing in certain sectors can be dominant compared to non-specialized auditors. Meanwhile, Suciana et al. (2018) in his research stated that auditor specialization has proven to affect audit quality. It can be concluded that specialized auditors can detect errors in deviations compared to non-specialized auditors.

Panjaitan (2014) shows that auditor specialization is more likely to trace deviations in the auditor's financial statement presentation than auditors who do not have a domain in certain industrial fields. The existence of an auditor with a specialization makes the effectiveness and efficiency of the audit function realized. With the advantages possessed by the auditor, it will improve audit quality. So, in this case, auditor specialization positively affects audit quality.

Budiantoro et al. (2021) and Fadhilah et al. (2021) say auditor specialization positively and significantly affects audit quality.

### **Audit Quality**

According to Arens et al. (2015), audit quality is how an audit auditor detects material misstatement of reports in financial statements. The detection aspect is a reflection of the auditor's competence, while reporting is a reflection of the auditor's integrity, especially independence. Based on the Public Accountant Professional Standards (SPAP), the audit carried out by the auditor is said to be of high quality if it meets the auditing requirements or standards. Auditing standards include professional quality, independent auditors, and judgments used to conduct audits and prepare audit reports. Meanwhile, according to Gunawan (2012), audit quality is a combination of the probability of an auditor being able to find and dare to report irregularities in his client's accounting system. The more likely the

auditor is to detect and report, the higher the audit quality.

To improve audit quality, one way that can be done is by implementing a quality control system. Quality Control Standards (SPM) guide public accounting firms in performing quality control of services produced by their offices by adhering to various standards, such as the Professional Standards for Public Accountants issued by the Indonesian Institute of Certified Public Accountants (IAPI 2011). The Quality Control Standard contains guidelines for Public Accounting Firms in implementing quality control of services produced by their offices. SPM functions to manage and list risks and map problems that may arise so that the auditor can avoid issues that arise.

### Framework



Figure 1. Framework

H1: Audit Switching has a positive and significant effect on audit quality.

H2: Workload has a negative and significant effect on audit quality.

H3: Auditor specialization has a positive and significant effect on audit quality.

H4: Audit switching, workload, and auditor specialization simultaneously influence audit quality.

### MATERIALS & METHODS

This research uses causal associative analysis. Associative study aims to determine the relationship between two or more variables so that there are independent and dependent variables.

The unit of analysis to be studied is the Public Accounting Firm in Medan, which is 25 KAPs.

In this sampling technique, the researcher uses a saturated sample technique. Saturated sampling is a sampling technique in which all population members are used as samples. The sample in this study is the auditor at KAP in Medan. Based on the time horizon in data collection, this study uses a cross-sectional study type, namely a type of research that emphasizes the time of measurement/observation of independent and dependent variable data only once at a time. This research was conducted to determine the relationship between one variable and another.

The data analysis methods to be used in this study are data quality tests (validity and reliability tests), classical assumption testing, multiple linear regression analysis, and hypothesis testing with simultaneous tests (F-test) and partial tests (t-test) with statistical data processing software tool, namely SPSS 25.

### RESULT

#### Results of Data Analysis

##### A. Data Quality Test

In this study, measurement of data quality used validity and reliability tests. The quality of the data generated from research instruments can be evaluated through the consistency and accuracy of the data collected.

##### 1. Validity Test

The validity test determines whether the statements in the questionnaire are considered relevant. A questionnaire is valid if the question in the questionnaire can express something that the questionnaire will measure. If the significance value of 2 tail (sig-2 tail) is smaller than 0.05, then the

data is said to be valid.

Table 1. Test the Validity of Variable X1 (Audit Switching)

Question Items	Sig. (2-tailed)	Result
X1.1	0,000	Valid
X1.2	0,000	Valid
X1.3	0,000	Valid
X1.4	0,000	Valid
X1.5	0,000	Valid

Source: Data processed by SPSS

Table 2. Test the Validity of Variable X2 (Workload)

Item Pertanyaan	Sig. (2-tailed)	Hasil
X2.1	0,000	Valid
X2.2	0,000	Valid
X2.3	0,000	Valid
X2.4	0,000	Valid
X2.5	0,000	Valid

Source: Data processed by SPSS

Table 3. Test the Validity of Variable X3 (Auditor Specialization)

Item Pertanyaan	Sig. (2-tailed)	Hasil
X3.1	0,000	Valid
X3.2	0,000	Valid
X3.3	0,000	Valid
X3.4	0,000	Valid
X3.5	0,000	Valid

Source: Data processed by SPSS

Tables 1, 2, and 3 identify that in the 5 statement items for each variable, namely audit switching, workload, and auditor specialization, all are declared valid, namely a significance value of 2 tail < 0.05. Thus, all statements can be included to explain each variable: audit switching, workload, and auditor specialization.

Table 4. Test the Validity of Variable Y (Quality Audit)

Item Pertanyaan	Sig. (2-tailed)	Hasil
Y.1	0,000	Valid
Y.2	0,000	Valid
Y.3	0,000	Valid
Y.4	0,000	Valid
Y.5	0,000	Valid
Y.6	0,000	Valid
Y.7	0,000	Valid
Y.8	0,000	Valid
Y.9	0,000	Valid
Y.10	0,000	Valid

Source: Data processed by SPSS

Table 4 identifies that the audit quality was declared valid in 10 items of variable Y statement, namely the significance value of 2 tail < of 0.05. Thus, all statements can be included to explain the audit quality variable.

## 2. Reliability Test

The reliability test determines whether the measuring instrument (questionnaire) consistently measures the same symptoms. The test was carried out using the SPSS program, and the question items declared valid in the validity test were determined by the Reliability with the Cronbach's Alpha value at least a data was said to be reliable if it was 0.6 Ghozali (2011).

Table 5. Questionnaire Reliability Test

	Cronbach's Alpha if Item Deleted	Result
X1.1	0.875	Reliable
X1.2	0.877	Reliable
X1.3	0.864	Reliable
X1.4	0.855	Reliable
X1.5	0.861	Reliable
X2.1	0.864	Reliable
X2.2	0.866	Reliable
X2.3	0.869	Reliable
X2.4	0.874	Reliable
X2.5	0.869	Reliable
X3.1	0.856	Reliable
X3.2	0.859	Reliable
X3.3	0.862	Reliable
X3.4	0.859	Reliable
X3.5	0.863	Reliable
Y1	0.862	Reliable
Y2	0.861	Reliable
Y3	0.855	Reliable
Y4	0.864	Reliable
Y5	0.859	Reliable
Y6	0.861	Reliable
Y7	0.859	Reliable
Y8	0.863	Reliable
Y9	0.853	Reliable
Y10	0.855	Reliable

Source: Data processed by SPSS

Table 5 shows that all statements have a Cronbach's Alpha value > 0.6, which means the data is reliable.

## B. Classical Assumption Testing

### 1) Normality Test

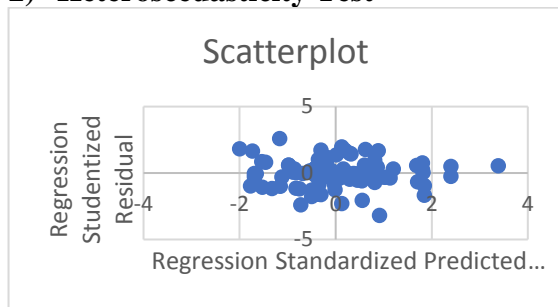
Table 6. Kolmogorov-Smirnov Statistical Test (K-S)

		Unstandardized Residual
N		103
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	4.19989972
	Most Extreme Differences	
	Absolute	0.089
	Positive	0.089
	Negative	-0.088
Test Statistic		0.089
Asymp. Sig. (2-tailed)		.043 <sup>c</sup>
Exact Sig. (2-tailed)		0.367

Source: Data processed by SPSS

In Table 6, the data is normally distributed by looking at the Exact Sig. (2-tailed) which is 0.367, greater than 0.05.

### 2) Heteroscedasticity Test



Source: Data processed by SPSS  
Figure 2. Scatter Plots

Figure 2 shows that the points on the curve spread above and below or around the number 0. It can be said that there is no heteroscedasticity.

### 3) Multicollinearity Test

Table 7. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Audit Switching	0.938	1.066
Workload	0.930	1.075
Auditor Specialization	0.978	1.022

Source: Data processed by SPSS

Table 7 shows that the VIF value is not more than ten and the TOL value is less than 1, so the model is declared to have no symptoms of multicollinearity.

### C. Multiple linear Regression Analysis

Table 8. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	26.126	1.905		6.690	0.000
Audit Switching	0.623	0.183	0.321	3.398	0.001
Workload	-0.128	0.118	-0.105	-1.084	0.281
Auditor Specialization	0.310	0.112	0.256	2.765	0.007

Source: Data processed by SPSS

$$Y = 26,126 + 0,623X1 - 0,128 X2 + 0,310X3 + \epsilon$$

Based on the results of the multiple regression equation, the effect of each independent variable on the dependent variable can be interpreted as follows:

- The constant value (a) = 12.326 indicates that if the value of the independent variable is assumed to be equal to zero, then the value of the dependent variable is 12.326.
- The audit switching regression coefficient (X1) is 0.314, indicating that every 1% increase in the audit quality variable will be followed by an audit switching variable of 0.314, assuming the value of other variables equals zero. This shows a positive directional relationship. If the audit switching variable increases, the audit quality variable will also increase.
- The workload regression coefficient (X2) is -0.121, indicating that every 1% increase in the audit quality variable will be followed by a decrease in the workload variable of -0.121, assuming the value of other variables equals zero. This shows a negative directional relationship. If the workload variable increases, the audit quality variable will decrease.
- The regression coefficient of auditor specialization (X3) is 1.273, indicating that every 1% increase in the audit quality variable will be followed by an auditor specialization variable of 0.027, assuming the value of other variables equals zero. This shows a positive directional relationship. If the auditor specialization variable increases, the audit quality variable will also increase.

### D. Hypothesis Test

#### 1) Partial Test (Test -t)

A partial test shows how far one variable is individually or partially independent of the dependent variable. The steps in deciding on the Wald test are as follows:

- If the significant value < 0.05, then Ho is accepted. Thus, it can be concluded that the independent variables partially have a significant effect on the dependent variable.
- If the significant value > 0.05, then Ho is rejected. Thus, it can be concluded that the independent variables partially have

no significant effect on the dependent variable.

Table 9. Partial Test Results (Test -t)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	26.126	3.905		6.690	0.000
Audit Switching	0.623	0.183	0.321	3.398	0.001
Workload	-0.128	0.118	-0.103	-1.084	0.281
Auditor Specialization	0.310	0.112	0.256	2.765	0.007

Source: Data processed by SPSS

From Table 9, the test results obtained for variable X1 or audit switching showed a significant value of  $0.001 < 0.05$ ; thus, H-1 was accepted, indicating that audit switching had a significant effect on audit quality. Based on the test results, the variable X2 or workload shows a significant value of  $0.281 > 0.05$ . Thus, H-2 is rejected, indicating that workload does not significantly affect audit quality. Based on the test results, it is obtained that variable X3, or auditor specialization, shows a significant value of  $0.007 < 0.05$ . Thus, H-3 is accepted, indicating that auditor specialization positively and significantly affects audit quality.

## CONCLUSION

Based on the results of the research and discussion in the previous chapter, several conclusions can be drawn as follows:

- 1) Audit switching partially has a significant positive effect on audit quality.
- 2) Workload partially has a negative but insignificant effect on audit quality.
- 3) Auditor specialization partially has a significant positive effect on audit quality.
- 4) Audit switching, workload, and auditor specialization simultaneously affect audit quality.

## SUGGESTIONS

The suggestions that can be given based on the conclusions and limitations of the research are as follows:

- 1) Future researchers can add other independent variables predicted to affect audit quality.

- 2) The next researcher can use variables such as Audit Tenure, Audit Fee, and Audit Committee to see their influence on audit quality.
- 3) Future researchers can add moderating variables such as audit capacity stress.

## Declaration by Authors

**Acknowledgement:** None

**Source of Funding:** None

**Conflict of Interest:** The authors declare no conflict of interest.

## REFERENCES

1. Arens A. Alvin, Randal J. Elder, & Mark S. Beasley. (2015). Auditing dan Jasa Assurance Pendekatan Terintegrasi (Lima Belas ed.). Jilid 1. Jakarta: Erlangga.
2. Bills, K. L., Swanquist, Q. T, & Whited, R. L. (2016). Growing Pains: Audit Quality and Office Growth. *Contemporary Accounting Research*, 33(1), 288-313.
3. Budiantoro, Harry., Serena, Amanda., Tantriningsih, Hestin Agus. 2021. Pengaruh *Audit Tenure*, Ukuran KAP, Spesialisasi Auditor, dan *Auditor Switching* Terhadap Kualitas Audit (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2017-2019). *JRBEE*. 3(5).
4. Daugherty, B. E., Dickins, D., Hatfield, R. C., &, & Higgs, J. L. (2013). Mandatory audit partner rotation: Perceptions of audit quality consequences. *Current Issues in Auditing American Accounting Association*, 7(1), 30-35.
5. Fadhilah, Risti., Halmawati. 2021. Pengaruh Workload, Spesialisasi Auditor, Rotasi Auditor Dan Komite Audit Terhadap Kualitas Audit. *Jurnal Eksplorasi (JEA)*. 3(2).
6. Fauziyah Nurul., Darmayanti, Novi. 2021. The Influence of Audit Cost, Audit Engagement and Audit Rotation on Audit Quality. *Journal of Auditing, Finance, and Forensic Accounting*. 9(1).
7. Ghozali, Imam. 2011, Aplikasi Analisis Multivariate dengan Program IBM SPSS19. Semarang: Badan Penerbit Universitas Diponegoro

8. Gunawan, & Lie, David. (2012). Pengaruh Tingkat Independensi, Kompetensi, Objektivitas, dan Integritas Auditor Terhadap Kualitas Audit yang Dihasilkan Kantor Akuntan Publik di Surabaya. *Jurnal Ilmiah Mahasiswa Akuntansi*, 1(4).
9. Jusuf, A. A. (2017). *Auditing dan Jasa Assurance* (Keduabelas ed.). Jilid 1. Jakarta: Salemba Empat.
10. Khasani, Amirul Hadi, Amilin, & Choirul Anwar. (2018). Tenure Audit, Reputasi Auditor, dan Kualitas Audit pada Perusahaan Manufaktur: Analisis Kompleksitas Operasi sebagai Pemoderasi. *Jurnal Riset Akuntansi dan Perpajakan*, 5(1).
11. Panjaitan, C. M. (2014). Pengaruh Tenure, Ukuran KAP, dan Spesialisasi Auditor Terhadap Kualitas Audit. *Diponegoro Journal of Accounting*, 3(3), 1-12.
12. Persellin, J. S, Schmidt, J. J, Vandervelde, S. D, & Wilkins, M. S. (2019). Auditor perceptions of audit workloads, audit quality, and job satisfaction. In *Accounting Horizons*, 33(4), 95-117.
13. Rizkiani, Nadia Meida, & dan Nurbaiti, A. (2019). Pengaruh Audit Tenure, Ukuran Perusahaan, Spesialisasi Auditor dan Leverage Terhadap Kualitas Audit (Studi Pada Perusahaan Infrastruktur, Utilitas dan Transportasi Yang Terdaftar di Bursa Efek Indonesia Tahun 2013-2017). *Jurnal Aksara Public*, 3(2), 109-119.
14. Septiani, M. R., & Kurnia, N. (2018). Pengaruh Etika Auditor, Spesialisasi Auditor Dan Independensi Auditor Terhadap Kualitas Audit Dengan Prosedur Audit Sebagai Variabel Intervening. *Jurnal Ilmiah Niagara*, 10(1).
15. Siregar, & Elissabeth. (2018). Pengaruh Audit Tenure, Reputasi Auditor, Spesialisasi Audit, Dan Ukuran Perusahaan Terhadap Kualitas Audit Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek. *Jurnal Ilmiah*, 2(3), 1-13.
16. Suciana, Maya Febrianti, & Mia Angelina Setiawan. (2018). Pengaruh Rotasi Audit, Spesialisasi Industri KAP, dan Client Importance Terhadap Kualitas Audit (Studi dengan Pendekatan Earning Surprise Benchmark). *Wahana Riset Akuntansi*, 6(1).
17. Tandiontong, Mathius. (2016). *Kualitas Audit*. Bandung: Alfabeta.

How to cite this article: Nurul Astriana, Erlina, Isfenti Sadalia. The influence of audit switching, workload and auditor specialization on audit quality in the public accounting office in Medan. *International Journal of Research and Review*. 2023; 10(9): 54-61.  
DOI: <https://doi.org/10.52403/ijrr.20230907>

\*\*\*\*\*