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DETERMINANTS OF AUDIT QUALITY: LITERATURE REVIEW

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ABSTRACT

This study aims to examine the influence of auditor independence and professionalism on audit quality through a Systematic Literature Review (SLR) approach. The review analyzes national accredited journals and reputable international publications indexed in recognized databases, published between 2020 and 2025. Literature selection was conducted systematically using predefined inclusion criteria to ensure relevance and methodological rigor. The findings indicate that independence plays a vital role in maintaining objectivity and reducing conflicts of interest between management and stakeholders, thereby increasing the probability of detecting and reporting material misstatements. In addition, auditor professionalism reflected in technical competence, integrity, and compliance with auditing standards and professional code of ethics consistently contributes to improved audit quality. The synthesis of prior empirical evidence confirms that independence and professionalism function as complementary determinants in strengthening audit processes and outcomes. This study provides theoretical and practical implications for auditor, public accounting firms, and regulators by emphasizing the importance of reinforcing professional values to enhance audit quality and public trust in the auditing profession.

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INTRODUCTION

In the digital era, characterized by increasingly complex and dynamic developments, the role of auditors is crucial in ensuring the integrity and reliability of financial statements. With high-quality financial statements, investors can choose the right company to invest their capital by analyzing the company's financial statements. This is because investors want to see how a company performs before investing its capital in it (Mellinia et al., 2024).

Audit quality is one of the important elements in maintaining the integrity and reliability of financial statements and public trust in the public accounting profession. The auditor has the responsibility to submit the audit results of the company's financial statements based on the applicable audit standards and regulations, in order to maintain the quality of the audit report and uphold the good name of the Public Accounting Firm (KAP) where they work. Low audit quality can have various negative consequences that effect stakeholders, including investors, suppliers, the community, the government, and other parties (Supriyanto et al., 2022).

Although audit standards and professional codes of ethics have strictly regulated professional conduct standards as well as the quality and

consistency to the decline in the quality of audit implementation, in fact, there are still many problems that have arisen in recent years due to the decline in the quality of auditing financial statements, which have brought public accountants back to the public spotlight. One of the cases that has gained global attention is the Enron Corporation scandal in the United States in 2001. The energy company, which was previously regarded as a symbol of business innovation, has been found to have manipulated its accounting by utilizing Special Purpose Entities (SPEs) to conceal debts and present fictitious profits. The primary failure in this case lies in the loss of independence of the external auditor, Arthur Andersen, which resulted in a compromised objectivity due to its consulting business relationship with the same client, thereby giving rise to a serious conflict of interest (Buresh, 2023). Another case occurred in 2023, where the Financial Services Authority (OJK) decided to revoke the registration of Public Accounting Firms (KAP) Kosasih, Nurdiyaman, Mulyadi, Tjahjo and Partners, who are members of Crowe Horwath International. The OJK explained that the cancellation of the registration certificate was a consequence of the results of a follow-up examination conducted after the revelation of the default case involving the life insurance company, namely PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life). The OJK also sanctioned the Public Accountant (AP) on behalf of Nunu Nurdiyaman and Jenly Hendrawan, namely the AP who was reportedly not allowed to provide services in the Financial Services Sector since February 28, 2023 (<https://finansial.bisnis.com/>). This phenomenon highlights the importance of an auditor meeting professional standards, ethics, and responsibilities optimally.

The quality of audits can be influenced by several factors, one of which is independence. Auditor independence is a mental attitude that is free from influence, not controlled by other parties, and not dependent on others. According to Sirait et al. (2024), auditor independence is characterized by freedom of attitude and appearance, which is not easily influenced and does not take sides with anyone when dealing with outside parties related to the tasks they carry out. Maintaining a level of independence is not an easy task, as it ensures that everything continues to operate in accordance with the applicable regulations. Therefore, auditors need to maintain an attitude of independence in themselves by deepening their understanding of the auditor's professional code of ethics. So that the higher the level of independence of an auditor, the higher the level of audit quality produced Fauziah & Yuskar, (2023). This finding aligns with research conducted by Fauziah & Yuskar (2023), which states that auditor independence has a significant influence on audit quality. Specifically, the higher the level of independence of an auditor, the higher the level of audit quality.

Another factors that can impact the quality of an audit is the auditor's professionalism. Auditor's professionalism is an attitude and behavior that reflects an auditor's commitment to ethical standards, expertise, and professional responsibility in carrying out the audit process. According to Mulyadi (2018), the professionalism of auditors is demonstrated through their

ability to carry out their work independently, competently, and in compliance with the auditing standards and code of ethics of the public accountant profession. Professionalism is the primary foundation for maintaining public confidence in audit results, as the quality of audits is highly dependent on the extent to which the auditor applies the principles of professionalism in their work. This finding aligns with research conducted by Sangadah (2022), which demonstrates that auditor professionalism has a positive and significant impact on audit quality. Auditors with a high level of professionalism tend to conduct audit procedures with rigor, objectivity, and firm adherence to applicable audit standards.

Through a Systematic Literature Review (SLR) approach and a comprehensive review of empirical and theoretical research, this article examines the impact of auditor independence and professionalism on audit quality in a company's financial statements and stakeholder trust. The results of this study can provide a better understanding of the role of auditor independence and professionalism in audit quality. This information can be helpful for auditors, KAPs, and regulators in improving audit quality. It is hoped that this research can provide significant benefits to the literature review in the field of Accounting and Auditing, especially in expanding the understanding of the factors that affect audit quality.

LITERATURE REVIEW

Agency Theory

The relationship between management and owners can be understood through the framework of agency theory. In this theory, a contract is formed between the owner (the principal) and the agent, where the owner authorizes the agent to make business decisions in the owner's interest. Based on the contract, the agent is obliged to provide certain services as a form of responsibility for the delegation it receives. However, because the interests of the two parties are not always aligned, a conflict of interest often arises between the owner and the manager entrusted to manage the company (Jensen & Meckling, 1976). In an agency relationship, a contract is made between the agent and the owner, both of whom are parties to the partnership. By delegating the owner's responsibility to the agent to make business choices for the owner's benefit, the agent is required by contract to provide certain services to the owner. Conflicts of interest often arise between the owner (principal) and the party responsible for managing the company (agent), as the interests of both parties are not necessarily aligned. An impartial third party is required in an agency situation to act as a mediator between the principal and the agent. The role of this third party is to monitor the manager's behavior as an agent and ensure that the agent acts in the client's best interests. Auditors are considered appropriate parties to combine the interests of clients (shareholders) and managers in managing the company's finances.

Auditors perform supervisory functions to monitor the work of managers through financial statements prepared by managers, serving as a form of accountability to shareholders (Lestari & Ardiami, 2024).

Audit Quality

According to El Badlaoui et al. (2021), audit quality is the result of an examination conducted by an auditor who has competence, independence, and adequate professional experience, and who works in accordance with applicable auditing standards.

Audit quality reflects the results of an auditor's examination of financial statements in an effort to detect material misstatements. Auditors must ensure the implementation of high audit quality, as high-quality audits will produce financial statements that are reliable and trustworthy (Muslimin et al., 2024). The quality of the auditor is a measure of the auditor's success in fulfilling their duties. Therefore, professional auditors must carry out their responsibilities as auditors in accordance with Financial Accounting Standards (SAK) and applicable auditing standards (Nabila & Hartinah, 2021).

Independence

Independence is one of the main foundations for an auditor. Independence consists of two components, namely independence in mind and independence in fact or appearance. Independence in mind reflects the objective and impartial attitude that auditors have in carrying out the audit process. An independent auditor will use their professional judgment independently, make decisions based on the evidence and facts obtained, and not be easily influenced by pressure or the interests of other parties. Considering that the audit results form the basis for decision-making for various parties, this independent attitude encourages auditors to deliver opinions that are more assertive, reliable, and objective (Istiadi & Pesudo, 2021).

Independence means that public accountants are not easily influenced and do not take sides with any party's interests (Riyadi et al., 2025). Public accountants must be honest with management, company owners, creditors, and other parties who entrust work to them (Samukri et al., 2022). Auditors who only understand the concept of good corporate governance but do not maintain their independence in the audit process will not show a significant improvement in audit performance (Rahman & Yudowati, 2020). According to Panggabean & Pangaribuan (2022), auditors must be independent in practice and externally. Independence exists when auditors can truly maintain a nonpartisan attitude during the audit, while real independence.

Auditor's Professionalism

The main criterion for an external auditor is professionalism. Professional external auditors will provide users with accurate and reliable information to support informed decision-making ([Lestari & Ardiami, 2024](#)). Auditor professionalism refers to the attitude of auditors who carry out audits in accordance with applicable standards. The professionalism of auditors can be demonstrated by being meticulous in the implementation of audits, including thoroughness in verifying the completeness of working papers, collecting sufficient audit evidence, and compiling comprehensive audit reports ([Astakoni et al., 2021](#)).

As a professional auditor, the auditor must realize that their responsibility is not only to the company, but also to the community and to their fellow professionals. An auditor who maintains a professional attitude will produce a quality audit report tailored to the actual circumstances ([Hasmi & Sarina, 2023](#)).

RESEARCH METHODS

The research method employed is a Systematic Literature Review (SLR), defined as a comprehensive, structured review and mapping of recent empirical studies that are relevant to the research topic. This study adopts a qualitative approach within the SLR framework is applied to explore and critically examine theories, concepts, and findings from prior studies related to the role of auditor independence and auditor professionalism in determining audit quality. Furthermore, secondary data analysis is conducted by comparing previous empirical research to address the research problems under investigation.

The data used in this study are derived from various scientific reference sources, including accredited academic journals, scholarly textbooks, and relevant articles obtained through both online and offline searches. The selection of literature is carried out systematically using keywords that represent each research variable. All collected articles are then classified based on thematic categories and discussion topics to identify key issues that are relevant to the focus of the study.

The articles analyzed in this study were collected through literature searches using electronic databases such as Google Cendekia - Google Scholar, employing keywords related to auditor's independence and auditor's professionalism. The inclusion criteria consist of articles published between 2020 and 2025, indexed in SINTA levels 1-5 and Garuda, as well as international journals indexed in the Directory of Open Access Journals (DOAJ), Index Copernicus, and Scopus. Based on the literature search result, a total of 90 articles were initially identified; however, only 13 scientific articles met the inclusion criteria and were subsequently analyzed in depth, data analysis was conducted by grouping the research findings according to the main themes, namely independence and auditor's professionalism. By emphasizing an in-depth analysis of prior research findings, this study discusses the influence of independence and auditor's professionalism in enhancing audit quality, with

the ultimate objective of contributing to the achievement of higher audit quality standards.

RESEARCH RESULTS AND DISCUSSION

Based on relevant theoretical studies and previous research, the discussion of this literature review article in the auditing concentration is:

The Role of Auditor Independence in Improving Audit Quality

This discussion examines its contributing to the improvement of audit quality. The independence variable was analyzed across 11 research articles, of which 9 of them showing significant results. These findings indicate a relatively strong consensus in the literature that auditor independence is a crucial factor influencing the level of audit quality. Studies conducted by Istiadi & Pesudo (2021), Sangadah (2022), Agus & Lastanti (2025), Azhari et al. (2020), and Asfan & Srimindarti (2024) demonstrate that independence has a positive and significant effect on audit quality.

The independence of the auditor can enhance the quality of the audit, as the attitude of an independent auditor demonstrates that they have a responsibility to carry out their duties honestly and without being influenced by any party, resulting in a higher-quality audit. The higher the auditor's independence attitude, the higher the audit quality. Therefore, the independence of auditors has a positive influence on audit quality. In agency theory, auditor independence is important in maintaining audit quality. Independence enables preserve the credibility of both the audit process and its outcomes. These findings are consistent with agency theory, which positions auditor independence as a key element in safeguarding audit quality, where auditors act as third parties who help minimize potential conflicts of interest between shareholders (principals) and management (agents). When auditors are able to maintain and uphold their professional judgment independently, the likelihood of detecting and reporting material misstatements increases, thereby ultimately strengthening the sustainability of audit quality.

The Role of Auditor's Professionalism in Improving Audit Quality

In this discussion, professionalism is examined as a factor contributing to the enhancement of audit quality. The professionalism variable was analyzed across 10 research articles, of which 9 of them showing significant results, indicating strong empirical support for the role of auditor's professionalism in determining audit quality.

Empirical evidence from studies conducted by Ivanka et al. (2025), Sipayung et al. (2021), (Wijaya et al. (2025), and Dinda & Annisa (2024) shows that auditor's professionalism has a positive effect on audit quality. Auditor's professionalism enhances audit quality because it reflects the auditor's attitude, competence, and commitment to performing audit duties in accordance with professional standards and ethical principles. Auditor's professionalism passes

adequate expertise and knowledge, enabling them to understand the complexity of transactions, identify risk of material misstatement, and apply appropriate and in-depth audit procedures. These capabilities allow auditors to produce audit findings that are more accurate and reliable. Furthermore, professionalism encourages auditors to uphold integrity, objectivity, and professional responsibility in every audit engagement. This attitude leads auditors to exercise greater caution in collecting and evaluating audit evidence, resist undue pressure from management, and consistently comply with applicable audit standards. As a result, the audit process can be conducted in a systematic and independent manner. The auditor's professionalism also reflects the attitude and behavior of auditors in carrying out their duties or professions with full responsibility, upholding integrity, and avoiding negligence or dishonesty, so that the performance produced is in accordance with the standards set by the professional organization concerned. Therefore, the higher the professionalism of an auditor in performing their duties, the higher the quality of the audit produced will be.

CONCLUSION

Based on the results or the literature review and discussion of various empirical studies, the role of independence and auditor's professionalism in enhancing audit quality has been examined. The study's results demonstrate that auditor independence plays a crucial role in maintaining objectivity and integrity in the audit process. Auditors who are free from pressure and influence from any party can provide a more objective and accurate assessment of the client's financial statements. The professionalism of auditors has also been proven to strengthen audit quality through the application of competence, integrity and compliance with audit standards and professional codes of ethics. Professional auditors will carry out audit procedures objectively and responsibly, ensuring the high credibility of the audits produced and thereby increasing public trust in the public accounting profession.

This study has several limitations, namely that the literature data only include articles published from 2020 to 2025, and therefore do not fully represent all conditions in practice. Accordingly, future research is recommended to further extend the scope of data, for example by incorporating direct field studies and including additional relevant variables.

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