

The Influence of PAF Leadership, Experience, and Effectiveness of Audit Procedures on Audit Quality in Public Accounting Firms (PAFs) in Medan

Firman Hasbullah¹, Susanto²

^{1,2} Pendidikan profesi Akuntansi, Universitas Tarumanegara Jakarta, Indonesia

Coressponding email: firmanhsb1978@gmail.com

Article history: Received June 24, 2025; revised July 04, 2025; accepted July 25, 2025

This article is licensed under a Creative Commons Attribution 4.0 International

License



ABSTRACT

This study analyzes the influence of Public Accounting Firm (KAP) leadership, auditor experience, and audit procedure effectiveness on audit quality at KAP operating in Medan City. The benefits of this study are expected to provide empirical contributions to the development of professional audit practices in Indonesia, especially in improving audit quality by strengthening leadership, auditor training, and improving audit procedures. The formulation of the problems raised is as follows: (1) Does KAP leadership affect audit quality? (2) Does auditor experience affect audit quality? (3) Does the effectiveness of the audit procedure affect audit quality?. The method used in this study was a quantitative method with an explanatory approach. The research sample consists of auditors who work at KAP in Medan and have a minimum of two years of work experience. Data were collected using a closed questionnaire with a Likert scale and data analysis was performed using multiple linear regression. The results indicate that KAP leadership and audit procedure effectiveness have a positive and significant effect on audit quality, with a t-statistic value of 3.612 and a p value of 0.001 (<0.05). Audit Procedure Effectiveness (X3) also has a positive and significant effect on audit quality, with a t-statistic value of 2.789 and a p value of 0.007 (<0.05). However, auditor experience does not show a statistically significant effect, with a p value of 0.225 (>0.05). These results indicate that managerial roles and work procedure systems have a greater impact on audit success than individual auditor experience. This study recommends the importance of improving leadership quality and periodic evaluation of audit procedures as a strategy to improve audit quality in KAP.

Keywords: KAP Leadership, Auditor Experience, Audit Procedure Effectiveness, Audit Quality, KAP Medan

INTRODUCTION

In an increasingly competitive and dynamic business world, the accountability and transparency of financial reports are very important aspects for stakeholders. Public Accounting Firms (KAP), as professional institutions that provide external audit services, play a crucial role in ensuring that the company's financial statements have been prepared fairly in accordance with generally accepted accounting principles. (Jao, Holly, and Tamo 2023) Good audit quality is the main indicator in building public trust and creating a healthy business climate. (Fachruddin, Bahri, and Pribadi 2017) However, audit quality does not only depend on technical competence alone, but is also influenced by internal factors within the audit organization itself. Several important factors believed to have a major influence on audit quality are leadership in the KAP, auditor experience, and the effectiveness of the audit procedures applied. (Caroline Dwitami and Kuntadi 2023)

Strong leadership can create a clear direction, work motivation, and a professional culture that supports the achievement of optimal quality. (Ghufron 2020) Auditor experience is believed to enrich professional abilities to identify risks and implement appropriate audit procedures. Meanwhile, the effectiveness of audit procedures determines how well and efficiently an audit is conducted to achieve the expected objectives. (Sarca and Rasmini 2019) In addition to leadership, auditor experience is an important factor that influences the auditor's ability to identify risks, evaluate audit evidence, and make appropriate decisions. (Salsabila, Kuntadi, and Pramukty 2023) Auditors with extensive work experience are more likely to understand the complexity of clients and have practical knowledge in handling various audit issues that arise. (Nurkholis 2020) Thus, experience is a key element for ensuring audit effectiveness.

Another unimportant factor is the effectiveness of the audit procedure. Systematic, relevant, and standard-compliant audit procedures will produce reliable audit evidence and support the opinions given. The

effectiveness of this procedure is greatly influenced by the design and implementation of operational standards, use of technology, and internal supervision of the audit process. (Ramadhany, Fadlilah, and Masiam 2021) Medan City as one of the centers of economic growth in the Sumatra region has many companies that are audit clients of various KAPs. Therefore, it is important to understand how internal factors within KAPs in Medan affect the quality of the audit. The increasing demands on the quality of financial reports and pressure on auditor independence make this study relevant to be studied in depth.

The formulation of the problem in this study is:

1. Does KAP leadership have a significant effect on audit quality at KAP in Medan?
2. Does auditor experience have an effect on audit quality?
3. Does the effectiveness of audit procedures have an effect on audit quality?

This study empirically analyzes the influence of leadership, auditor experience, and effectiveness of audit procedures on audit quality. The benefits of this study are that it provides input for KAP leaders to improve audit quality by strengthening internal management and to be used as a consideration in making strategic decisions related to human resources and the audit system used.

The urgency of this study lies in the importance of maintaining audit quality and integrity as part of Indonesia's financial oversight system. With the increasing complexity of transactions and regulations, KAPs must be able to conduct audits professionally, efficiently, and accountably. Therefore, this study is expected to contribute to academic literature and professional practice in the field of auditing, especially in the KAP environment in Medan City.

Literature Review

Leadership

Leadership is the ability to influence, direct, and motivate individuals or groups to achieve organizational goals (Priyagung and Wening 2020). In the context of KAP, good leadership creates strategic direction and forms a productive work culture. Leadership is the process of influencing others to work together to achieve organizational goals. According to (Hendryadi 2014), leadership is the ability to influence a group of people to achieve a vision or a set of goals. In the context of public accounting firms (KAP), leadership play a strategic role because it affects professional ethics, audit quality, and the relationship between audit team members and clients.

Auditor Experience

Auditor experience can be interpreted as the accumulation of knowledge, skills, and understanding obtained by the auditor through direct involvement in audit activities over a certain period of time. (Salsabila, Kuntadi, and Pramukty 2023), auditor experience includes an understanding of audit procedures, knowledge of the client and its industry, and the ability to detect significant audit risks. This experience develops along with the auditor's involvement in various audit assignments and plays an important role in professional decision making, especially under conditions of uncertainty or irregularity of information. (Sarca and Rasmini 2019), auditor experience plays an important role in the implementation of the audit because it is directly related to the auditor's professional ability in:

- Analyzing financial information
- Assessment of the risk of material misstatement
- Determining appropriate audit procedures
- Providing objective audit opinions

(Jao, Holly, and Tamo 2023), experience is a medium for forming a deep professional mindset, so that auditors are able to act efficiently and accurately in various audit conditions. In addition, based on the findings (Putri Erawan and Sukartha 2018), auditors with more experience are able to show better audit judgments than new auditors. (Caroline Dwitami and Kuntadi 2023) show that experience increases the accuracy of decisions and the ability to detect anomalies in financial statements.

Effectiveness of Audit Procedures

Audit procedures are a series of systematic steps used by auditors to collect and evaluate evidence. Effective procedures lead to an efficient and targeted audit implementation (Ramadhany, Fadlilah, and Masiam 2021)

Audit procedures are systematic steps taken by auditors to obtain competent and sufficient audit evidence to support the auditor's opinion of the client's financial statements.

According to (Arens et al. 2017): audit procedures are detailed instructions for the collection of audit evidence to assess whether the financial statements are presented fairly." Meanwhile, the Audit Standards set by the IAI (PSA No. 100)

state: "Audit procedures are actions selected and implemented by the auditor based on his professional judgment to obtain sufficient and relevant audit evidence."

Audit Quality

Audit quality refers to the quality and effectiveness of audit results. Quality indicators include timeliness, the accuracy of audit findings, and compliance with applicable audit standards. Audit quality is a crucial element in financial reporting because a quality audit provides reasonable assurance that financial statements are free from material misstatements, whether caused by errors or fraud. (Fachruddin, Bahri, and Pribadi 2017) Various theoretical approaches have been developed to explain the factors that influence audit quality, both from technical, behavioral, institutional, and socio-cultural aspects. (Caroline Dwitami and Kuntadi 2023)

METHOD

Types and Approaches of Research

This research is a quantitative research with an explanatory research approach, namely, research that aims to explain the causal relationship between variables through hypothesis testing. (Sugiyono 2016) This approach was used because the study aimed to determine the extent of the influence of the variables of KAP leadership, auditor experience, and the effectiveness of audit procedures on audit quality at KAP in Medan. (Agung and Yuesti 2019)

Population and Sample

The population in this study included all auditors working at the KAP operating in Medan City. Given the relatively limited population and the fact that not all auditors could be reached, the purposive sampling technique was used to determine the sample. The sample selection criteria were as follows:

- Permanent auditors (not interns) at KAP in Medan.
- Have at least 2 years of work experience in the audit field
- Has been directly involved in the financial statement audit process

The respondents in this study were 60 auditors from several different KAP in Medan who met the above criteria.

Data Types and Sources

Primary data were used, which were obtained directly from respondents through the distribution of questionnaires. Secondary data sources, such as scientific journals, textbooks, and KAP reports, are also used as support to compile the theoretical basis and background of the research. (Sugiyono 2016)

Data collection technique

Data were collected using a closed questionnaire, which is a list of questions arranged in the form of statements with answer choices, using a Likert scale ranging from 1 ("strongly disagree" (1) to "strongly agree") (5). The questionnaire consisted of four parts that reflected four research variables:

- KAP Leadership (X1)
- Auditor Experience (X2)
- Effectiveness of Audit Procedures (X3)
- Audit Quality (Y)

Operational Definition of Variables

- KAP Leadership (X1): Measured based on auditors' perceptions of the leadership style, managerial ability, communication, and empowerment carried out by the KAP leadership.
- Auditor Experience (X2): Measured from the number of years of work experience, the number of audit cases handled, and the level of involvement in various types of audits.
- Audit Procedure Effectiveness (X3): Measured based on the clarity, completeness, and efficiency of audit procedures applied in each audit stage.
- Audit Quality (Y): Measured based on timeliness, accuracy of audit findings, compliance with auditing standards, and quality of audit recommendations.

Data Analysis Techniques

The collected data were analyzed using SPSS version 25 in the following stages:

- Validity and Reliability Test: To ensure that the questionnaire instrument was suitable for use and consistent.

- The classical Assumption Test: Includes normality, multicollinearity, and heteroscedasticity tests to ensure that the regression model meets requirements.
- Multiple Linear Regression Analysis: To test the effects of independent variables on the dependent variable.
- T-test (partial): Determine the effect of each variable individually.
- F-test (simultaneous): To test whether the three independent variables have a significant effect on audit quality.
- Coefficient of Determination (R^2): Measure how much variation in audit quality can be explained by the three independent variables.

RESEARCH RESULTS AND DISCUSSION

Result

This study involved 60 auditors working in Public Accounting Firms (KAP) operating in Medan City. Demographic data showed that the majority of respondents had two to five years of work experience (45%), followed by those with more than five years of experience (30%), and the rest had less than two years of experience (25%).

The following table shows the distribution of respondents' experiences:

Work Experience	Frequency	Percentage
< 2 years	15	25%
2 - 5 years	27	45%
> 5 years	18	30%

In addition, the majority of respondents worked in KAPs that had clients from various industrial sectors, such as banking, manufacturing, and trading. This shows the diversity of the audit types carried out by the auditors involved in this study.

Validity and Reliability Test

Before further analysis, validity and reliability tests were conducted using a questionnaire. The results of the validity test showed that all question items in the questionnaire had a Pearson's correlation value greater than 0.30, indicating that all question items were valid for measuring the intended variables. A reliability test using Cronbach's alpha produced a value greater than 0.70 for all variables, indicating that the questionnaire had a good and consistent level of reliability.

Classical Assumption Test

Before conducting the multiple linear regression analysis, a classical assumption test was conducted to ensure that the data met the requirements for regression analysis. The results of the classical assumption test are as follows:

- Normality: The Kolmogorov-smirnov normality test showed that the data were normally distributed ($p > 0.05$).
- Multicollinearity: No multicollinearity problems were found because the Variance Inflation Factor (VIF) values for the three independent variables were below the threshold value of 10.
- Heteroscedasticity: The heteroscedasticity test using the Glejser Test showed that the data did not contain heteroscedasticity problems.

Multiple Linear Regression Analysis

A multiple linear regression analysis was conducted to test the influence of KAP leadership, auditor experience, and the effectiveness of audit procedures on audit quality. The regression model is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

YY = Audit Quality

X1X_1 = KAP Leadership

X2X_2 = Auditor Experience

X3X_3 = Effectiveness of Audit Procedures

ϵ (epsilon) = Error term

The regression results table shows that the multiple linear regression model can explain the variation in audit quality well, with an R^2 value of 0.678, meaning that 67.8% of the variation in audit quality can be explained by the three independent variables.

Multiple linear regression test results table:

Variables	Coefficient	t-statistic	Sig.
Constanta (β_0 \betaeta_0)	2,315	-	-
KAP Leadership (X1X_1)	0,472	3,612	0,001***
Auditor Experience (X2X_2)	0,143	1,228	0,225
Effectiveness of Audit Procedures (X3X_3)	0,358	2,789	0,007**

Note: Significance $p < 0.05$ indicates that the coefficient is significant.

t-Test (Partial)

The results of the t-test show that:

- KAP leadership (X1) has a positive and significant effect on audit quality, with a t-statistic value of 3.612 and p value of 0.001 (< 0.05). This means that the better the leadership in KAP, the better the audit quality produced.
- Auditor experience (X2) does not have a significant effect on audit quality, with a p value of 0.225 (> 0.05). Although auditor experience plays a role in the audit process, the results of this analysis show that experience does not have a significant effect on audit quality.
- The effectiveness of Audit Procedures (X3) has a positive and significant effect on audit quality, with a t-statistic value of 2.789 and p value of 0.007 (< 0.05). This shows that effective audit procedures improve audit quality.

F Test (Simultaneous)

An F test was conducted to test whether the three independent variables simultaneously had a significant effect on audit quality. The results of the F test showed a calculated F value of 23.987 with a p value of 0.000, which is less than 0.05. Thus, KAP leadership, auditor experience, and audit procedure effectiveness simultaneously have a significant effect on audit quality..

Discussion

Based on the results of this analysis, several important findings can be discussed.

1. The Influence of KAP Leadership on Audit Quality
Effective leadership in KAP significantly influences audit quality. This finding is in line with the theory that good leadership can create a supportive work environment, motivate auditors, and improve work efficiency and effectiveness. KAP leaders who are able to provide clear directions, listen to input, and provide moral support and sufficient resources will create conditions that support audit success.
2. The Influence of Auditor Experience on Audit Quality
Although auditor experience is expected to improve audit quality, this study's results indicate that auditor experience does not have a significant effect on audit quality. This can occur because more work experience is not always accompanied by increased technical skills and knowledge in handling various types of audit problems. In addition, effective audit procedures and strong leadership may have a greater effect on audit quality.
3. The Influence of Audit Procedure Effectiveness on Audit Quality
Audit procedures have been shown to have a significant effect on audit quality. This shows that clear, well-structured audit procedures that comply with audit standards can improve the quality and efficiency of the audit process and minimize the risk of errors or inaccuracies in audit reports.

CONCLUSIONS

This study shows that of the three variables analyzed, namely, KAP leadership, auditor experience, and effectiveness of audit procedures, only two variables have a significant effect on audit quality. KAP leadership has a positive and significant effect on improving audit quality, indicating the importance of leaders' role in creating a supportive work environment. Likewise, the effectiveness of audit procedures also has a significant effect, confirming that clear and structured procedures support quality audit

processes. By contrast, auditor experience does not have a significant effect on audit quality, which may be due to the lack of a direct relationship between length of experience and improved work quality.

Simultaneously, the three variables have a significant effect on audit quality, with the regression model explaining 67.8% of the variation in audit quality. This study provides important implications for Public Accounting Firms, especially in Medan City, to focus on strengthening leadership, developing more effective audit procedures, and improving the quality of training and supervision of auditors. Although auditor experience does not show a significant effect, strengthening leadership and increasing the effectiveness of audit procedures can be strategic steps for improving audit quality.

REFERENCES

- Agung, Anak Agung Putu, and Anik Yuesti. 2019. 1 CV. Noah Aletheia *Metode-Penelitian-Bisnis-Kuantitatif-Dan-Kualitatif*.
- Arens, Alvin A., Randal J. Elder, Mark S. Beasley, and Chris E. Hogan. 2017. Pearson Education Limited *Auditing and Assurance Services*.
- Caroline Dwitami, Swidia, and Cris Kuntadi. 2023. "Faktor-Faktor Yang Mempengaruhi Kualitas Audit Internal : Pengalaman Audit, Independensi Dan Kompetensi." *Jurnal Multidisiplin Indonesia* 2(2).
- Fachruddin, Wan, Syamsul Bahri, and Angelia Pribadi. 2017. "Analisis Faktor Yang Mempengaruhi Kualitas Audit Dengan Prosedur Audit Sebagai Pemediasi." *Jurnal Ilman* 5(2).
- Ghufron, Ghufron. 2020. "Teori-Teori Kepemimpinan." *Fenomena* 19(1).
- Hendryadi. 2014. "Situational Leadership Model Hersey and Blanchard." *Teorionline Personal Paper* No. 01/ Fe(01).
- Jao, Robert, Anthony Holly, and Aurell Pricillia Putri Tamo. 2023. "Pengaruh Kompetensi, Pengalaman Kerja, Time Budget Pressure, Dan Etika Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik Di Sulawesi, Maluku, Dan Papua)." *Tangible Journal* 8(1).
- Nurkholis, Nurkholis. 2020. "PENGARUH PENDIDIKAN, PELATIHAN, DAN PENGALAMAN TERHADAP SKEPTISISME PROFESIONAL AUDITOR." *EKUITAS (Jurnal Ekonomi dan Keuangan)* 4(2).
- Priyagung, G P, and N Wening. 2020. "PENGARUH KEPEMIMPINAN DEMOKRATIS TERHADAP KINERJA KARYAWAN DENGAN MOTIVASI KERJA SEBAGAI VARIABEL INTERVENING (Studi Pada" *MANAJEMEN DEWANTARA*.
- Putri Erawan, Ni Made Ayu Nirmalasari, and I Made Sukartha. 2018. "Pengaruh Kompetensi, Pengalaman Kerja, Gaya Kepemimpinan Dan Lingkungan Kerja Pada Kualitas Audit." *E-Jurnal Akuntansi*.
- Ramadhany, Andi Auliya, Andi Hidayatullah Fadlilah, and Siti Masiam. 2021. "PROSEDUR AUDIT LAPORAN KEUANGAN PADA KANTOR AKUNTAN PUBLIK ERY DAN REKAN." *Realible Accounting Journal* 1(1).
- Salsabila, Novia Tatyana, Cris Kuntadi, and Rachmat Pramukty. 2023. "PENGARUH PENGALAMAN AUDITOR, INDEPENDENSI, DAN DUKUNGAN MANAJEMEN TERHADAP EFEKTIVITAS AUDIT INTERNAL." *JURNAL ECONOMINA* 2(6).
- Sarca, Delsi Nia, and Ni Ketut Rasmini. 2019. "Pengaruh Pengalaman Auditor Dan Independensi Pada Kualitas Audit Dengan Etika Auditor Sebagai Variabel Moderasi." *E-Jurnal Akuntansi*.
- Sugiyono, Prof.Dr. 2016. Alfabeta, cv. *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*.