THE EFFECT OF APPLICATION OF AUDIT DIGITALIZATION ON AUDITOR PERFORMANCE WITH PROFESSIONAL ETHICS AS A MODERATION VARIABLE (Survey on KAP in Central Java)

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Abstract
In recent years, digitalization has transformed various aspects of business operations, including the field of auditing. The integration of digital technologies in audit processes has the potential to enhance efficiency, accuracy, and overall performance. As organizations increasingly adopt digital audit practices, it becomes essential to examine the impact of digitalization on auditor performance. The objective of this research is to assess the impact of digitalization audits on auditor performance. The study focuses on a public accounting firm located in Central Java, comprising a total of 24 individuals. Primary data was collected for this research. The population considered was the entire group of auditors working in public accounting offices in Central Java. Purposive sampling method was employed, resulting in a sample size of 60 auditors. Data was collected through questionnaires distributed directly to auditors in the public accounting offices in Central Java. Multiple linear regression analysis was used to analyze the data. The data analysis techniques included classic assumption testing, multiple linear analysis, t-test, F-test, coefficient determination ($R^2$), and regression analysis with a moderating variable. The results of the research indicate that audit digitization has a significantly positive influence on auditor performance. However, professional ethics was found to have no moderating effect on the influence of audit digitization on auditor performance in public accounting firms in Central Java.

Keywords: Auditor Performance, Digitalization Audit, Professional Ethics

1. INTRODUCTION
Rapid advancements in digital technology have had a profound impact on various aspects of life. This influence is particularly significant in countries like Indonesia, where technological progress is rapidly transforming the landscape (Sutrisno, 2021). In the realm of office operations, digital information systems have introduced Computer Assisted Audit Techniques (CAATTs) as a means to facilitate and expedite the work of auditors (Wicaksono et al., 2018).

The Covid-19 pandemic has further highlighted the importance of digitalization in auditing. The pandemic brought about significant changes that disrupted the professional practices of public accountants. Auditors faced challenges in maintaining their performance during the inspection and evaluation process, often due to a lack of understanding of established audit procedures, resulting in negligence and errors (Teeter et al., 2014). To mitigate these issues, auditors began utilizing technology to enhance their planning and implementation stages, adopting alternative procedures.
Figure 1. Suspension of public accountant license for the year 2019-2022
Source: http://pppk.kemenkeu.go.id/in/sanksi

Figure 1 illustrates the suspension of public accountant licenses by the Ministry of Finance (KemenKeu) from 2019 to 2022, providing insight into the impact of the Covid-19 pandemic on audit quality and auditor performance. The significant increase in license suspensions in 2020 compared to 2019 indicates the need for modifications in audit practices to maintain quality standards. Auditors must recognize that the previous methods of conducting audits require substantial modifications to overcome the challenges and uncertainties brought about by the pandemic (IAPI, 2020). The Covid-19 pandemic has affected various business processes within Public Accounting Firms, including the KAP network and internal management.

Several studies have examined the relationship between information technology and auditor performance. Rindy & Eka (2020) and Novita (2020) found a positive effect, while Sangkala et al. (2021) reported no significant impact. Additionally, Abdul & Lilik (2020) demonstrated that professional ethics influence auditor performance, a finding supported by Putri and Novita (2020). Conversely, Luh et al. (2019) concluded that professional ethics have a negative effect. These contrasting results highlight the need for further investigation.

This study aims to contribute to the existing literature by examining the impact of audit digitization on auditor performance, with a focus on two key indicators: the use of information technology and facilitating conditions. Additionally, the study will explore the moderating role of professional ethics in the relationship between audit digitization and auditor performance. The objectives of this research are twofold: 1) To determine the effect of implementing audit digitization on auditor performance, and 2) To assess whether professional ethics moderates the impact of implementing audit digitization on auditor performance.

2. LITERATURE REVIEW
2.1. Expectancy Theory
Victor H. Vroom (1964) introduced the Expectancy Theory, which suggests that an individual's behavior is influenced by their expectation that a particular action will lead to a specific outcome (Robbins & Judge, 2008). In the context of this study, the application of Expectancy Theory implies that auditors' performance in Public
Accounting Firms located in the Central Java Region can be achieved through the implementation of information technology and adherence to professional ethics.

2.2. Auditor Performance
Auditor performance, as defined by Mulyadi (2002), refers to the standardized oversight conducted by a public accounting organization to assess the accuracy and compliance of financial statements with generally accepted accounting principles. It involves evaluating the financial position and operational results of a company or organization.

2.3. Auditing Digitization
Audit digitization refers to the utilization of information technology by auditors to enhance their work, particularly in situations where physical visits to locations may not be feasible. Fotoh & Lorentzon (2023) highlight that digitization improves the relevance of audits, enabling auditors to expedite their work. The presence of audit digitization enhances audit quality, shapes new auditor profiles, fosters a culture of innovation within Public Accounting Firms (KAP), and improves corporate governance by enabling managers to oversee multiple teams efficiently using digital systems.

2.4. Professional Ethics
Professional ethics, as outlined by Aren & Zengin (2016), comprises a set of moral principles and values that guide the behavior of accountants in their professional activities. It is a fundamental aspect of the accounting profession, emphasizing the responsibility to act in the public interest. The Indonesian Accountant Code of Ethics (IAI) underscores the principle of professional ethics, stating that accountants are accountable to society, users of accounting services, and colleagues (IAI, 2016).

2.5. Research Framework
Based on previous research findings, the researcher aims to investigate the influence of audit digitization on auditor performance. The following framework outlines the researcher's approach to the study:

![Figure 2. Research Framework](image-url)
The variables used in this study are as follows:

1. Audit digitization (X) as the independent variable.
2. Auditor performance (Y) as the dependent variable.
3. Professional ethics (Z) as the moderating variable, which strengthens or weakens the relationship between the independent and dependent variables.

2.6. Hypothesis Developments

1) The Effect of Implementing Audit Digitization on Auditor Performance

The application of audit digitization is essential for auditors in their examination process. The better the utilization of information technology by auditors, the higher their performance is expected to be. Previous research by Sangkala et al. (2021) indicated no significant effect of information technology on auditor performance, while studies by Luh et al. (2019) found a significant positive effect. Hypothesis 1 (H1): The application of audit digitization has a significant effect on auditor performance.

2) The Effect of Professional Ethics Moderating the Implementation of Audit Digitization on Auditor Performance

Adherence to professional ethics is a fundamental requirement for auditors, as established by the Indonesian Institute of Certified Public Accountants (IAPI) (Haeridistia & Fadjarenie, 2019). Professional ethics encompass values and behavioral standards that guide the actions of accounting professionals, including their responsibility, professional skills, and adherence to the code of ethics (Novanda, 2012). Previous research by Eko & Ikhsan (2020) and Abdul & Lilik demonstrated a positive effect of professional ethics on auditor performance. However, Silalahi et al. (2019) found no significant partial effect of professional ethics on auditor performance. Hypothesis 2 (H2): Professional ethics moderate the application of audit digitization on auditor performance.

3. RESEARCH METHODS

3.1. Data Types and Sources

This study utilized quantitative data, which involved numerical measurements (Sugiyono, 2017). The data for this research were collected through questionnaires distributed to auditors working in Public Accounting Firms in the Central Java Region.

3.2. Population and Sample

The population for this study consisted of all auditors from the 24 Public Accounting Firms in the Central Java Region that had obtained permits from the Ministry of Finance. A sample size of 60 auditors was selected using purposive sampling technique.
3.3. Data Analysis Technique
1) Instrument Test: An instrument test was conducted to assess the validity and reliability of the measurement instrument used. The validity test evaluated the accuracy of the instrument in measuring the intended constructs, while the reliability test determined the consistency and stability of the data.
2) Classic Assumption Test: Prior to hypothesis testing, classic assumption tests were performed to ensure that the statistical requirements were met. These tests included assessing multicollinearity, autocorrelation, heteroscedasticity, and normality.
3) Hypothesis Testing: Hypothesis testing was conducted using various statistical techniques, such as the t-test and F-test. The t-test assessed the significance of individual variables, while the F-test determined the overall significance of the model. The coefficient of determination was calculated to determine the proportion of variance in the dependent variable explained by the independent variables. Additionally, an absolute difference value test was conducted to assess the magnitude of the relationships between variables.

4. RESULTS AND DISCUSSION
4.1. Research Results
4.1.1. Validity and Reliability Test Results
The validity test results indicated that all questionnaire items were valid as they demonstrated a significant relationship with the constructs they were intended to measure. Each research variable had a p-value ≤ 0.05, indicating their validity. Hence, it can be concluded that the instrument used in this study is valid.

The reliability test results showed that the variables examined in this study were reliable, as indicated by a Cronbach's Alpha value greater than 0.000.

Table 1. Reliability Test Results

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Cronbach Alpha</th>
<th>Test Criteria</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Digitization (X)</td>
<td>0.903</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Professional Ethics (Z)</td>
<td>0.866</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Auditor Performance (Y)</td>
<td>0.885</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

4.1.2. Classical Assumption Test Results

Table 2. Classical Assumption Test Results

<table>
<thead>
<tr>
<th>Classic assumption test</th>
<th>Test results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multicollinearity Test</td>
<td>Tolerance 0.666; 0.676; 1.501 &gt; 10</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>Autocorrelation Test</td>
<td>p-value 0.902 &gt; 0.05</td>
<td>Autocorrelation free</td>
</tr>
<tr>
<td>Heteroscedasticity Test</td>
<td>p-value 0.847; 0.515 &gt; 0.05</td>
<td>There was no heteroscedasticity</td>
</tr>
<tr>
<td>Normality test</td>
<td></td>
<td>Normal residual</td>
</tr>
</tbody>
</table>
The multicollinearity test results indicate that there is no multicollinearity issue among the independent variables, as the tolerance values are all greater than 0.10 (Jogiyanto & Abdillah, 2015). The autocorrelation test results suggest that there is no autocorrelation present in the data, as the p-value is greater than the significance level of 0.05.

The heteroscedasticity test results indicate that there is no heteroscedasticity in the data, as the p-values are greater than 0.05. The normality test results suggest that the residuals follow a normal distribution, as the p-value is greater than 0.05.

Overall, based on the classical assumption tests, the assumptions required for further analysis are met, indicating the reliability of the data for conducting subsequent analyses.

### 4.1.3. Hypothesis Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t-Statistics</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>8.859</td>
<td>2.673</td>
<td>3.314</td>
<td>0.002</td>
</tr>
<tr>
<td>Auditing Digitization</td>
<td>0.357</td>
<td>0.047</td>
<td>7.583</td>
<td>0.000</td>
</tr>
<tr>
<td>F test against Y</td>
<td></td>
<td></td>
<td></td>
<td>0.000$^b$</td>
</tr>
<tr>
<td>Coefficient of Determination</td>
<td>0.917</td>
<td>0.477</td>
<td>-1.924</td>
<td>0.060</td>
</tr>
</tbody>
</table>

Table 3 presents the results of hypothesis testing, including the t-test, F-test, coefficient of determination, and regression test with a moderating variable. The t-test results show a p-value of 0.000 < 0.05, indicating that the null hypothesis (H0) is rejected and the alternative hypothesis (Ha) is accepted. This means that audit digitization has a significant effect on auditor performance.

The regression model, including the moderating variable, yields a calculated F value of 57.504 with a significance value (p-value) of 0.000 < 0.05. This indicates that the null hypothesis is rejected and the alternative hypothesis is accepted, suggesting a significant overall effect of audit digitization on auditor performance.

The adjusted value in the multiple regression analysis is calculated as 0.489, indicating that the independent variable of audit digitization explains or contributes to 48.90% of the auditor's performance. The remaining 51.10% is influenced by other variables outside the model, such as role conflict, work motivation, audit structure, and professional competence.

However, the p-value for the moderation effect of the variable Z (Professional Ethics) is obtained as 0.060 > 0.05. Therefore, the alternative hypothesis is accepted, indicating that Z does not moderate the effect of audit digitization on auditor performance.

In summary, the results indicate a significant direct effect of audit digitization on auditor performance, while professional ethics does not moderate this relationship.
4.2. Discussion

4.2.1. The Effect of Implementing Audit Digitalization on Auditor Performance

The statistical tests conducted in this study indicate a significant positive effect of implementing audit digitization on auditor performance. This means that as the application of audit digitization increases, the performance of auditors also improves. These findings align with previous studies conducted by Luh et al. (2019), which also demonstrate a significant impact of information technology on auditor performance. However, these results contradict the research conducted by Sangkala et al. (2021), which suggests that the use of information technology does not significantly affect auditor performance.

4.2.2. The Effect of Implementing Audit Digitization on Auditor Performance with Professional Ethics as a Moderating Variable

The test results reveal that professional ethics do not moderate the relationship between the implementation of audit digitization and auditor performance. It indicates that a high level of audit digitization can enhance the performance of auditors at Public Accounting Firms in Central Java, regardless of the influence of professional ethics. Although auditors in KAPs in Central Java adhere to professional ethics, there is still a need to improve their competence, maintain integrity, and abide by a code of ethics in their work. This could be one of the reasons why professional ethics do not moderate the relationship between audit digitization and auditor performance. These findings align with the research conducted by Silalahi et al. (2019), which suggests that professional ethics do not significantly affect auditor performance. However, the research conducted by Zaleha & Novita (2021) and Prambowo & Riharjo (2020) presents inconsistent results, indicating a positive influence of professional ethics on auditor performance.

Overall, this discussion highlights the significant positive effect of audit digitization on auditor performance. It emphasizes the importance of implementing technology in auditing processes. However, it also suggests that while professional ethics are essential, they may not directly moderate the relationship between audit digitization and auditor performance. Future research could explore other factors that may influence this relationship and further investigate the role of professional ethics in auditor performance.

5. CONCLUSION

This study concludes that the implementation of audit digitization has a positive and significant impact on auditor performance. By increasing the use of technology through audit digitization, auditors can enhance their performance and minimize errors and negligence. However, it is important to note that professional ethics do not moderate the effect of audit digitization on auditor performance. Despite the implementation of professional ethics, there is still a need to focus on improving competence, maintaining integrity, and adhering to the applicable code of ethics.

The study has several limitations, including the lack of consideration for different auditor positions, a relatively small sample size compared to the overall population, and
the limited focus on audit digitization as the main variable. There are other variables that
can potentially influence auditor performance that were not explored in this study.

Future research should place greater emphasis on the importance of utilizing digital
technology in implementing audit digitization. Researchers are encouraged to consider
specific auditor positions, expand the sample size, and incorporate additional factors that
can affect auditor performance, such as organizational commitment, leadership style, and
role conflict.

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