



## The Influence of Competence, Work Experience of Auditors and Time Budget Pressure on Audit Quality in Public Accounting Offices in Bali Province

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### ABSTRACT

In the course of their work, auditors are required to uphold a rigorous benchmark for audit quality. When auditors are able to think about what influences their audits, they may produce high-quality results. The auditor's expertise, work history, and audit quality are all impacted by budget and time constraints. Our major objective is to look at the public accounting companies in Bali Province and see how factors like auditor competency, experience, and time/budget constraints affect audit quality. Using a snowball sample approach, Public accounting businesses in Bali Province were surveyed to choose 110 participants. This investigation's data came from a survey that used questionnaire methodologies. Structural Equation Modelling Partial Least Squares, or SEM-PLS, was the program used in this investigation. Audit quality is positively affected by auditor skill and experience, and negatively affected by time and money, according to the results

## **INTRODUCTION**

### **Background**

Auditing plays an important role in maintaining transparency and accountability in financial reporting, and serves as a key instrument in increasing stakeholder trust in the financial information presented by business entities. High-quality audits can provide reasonable assurance that financial statements are free from material misstatement, whether caused by error or fraud. However, in practice, audit quality remains a continuously discussed issue. Various audit cases that have come to light, such as the PT Garuda Indonesia scandal in 2018 involving the Public Accounting Firm Tanubrata, Sutanto, Fahmi, Bambang & Partners, reflect the weak implementation of audit standards and professional codes of ethics. As a result, public trust in the auditing profession has declined. This phenomenon underscores the importance of evaluating the factors that influence audit quality.

Several factors are believed to significantly influence audit quality, including auditor competence, work experience, and time budget pressures. Competent auditors are expected to be able to understand audit standards and apply them correctly. Work experience also affects the auditor's sharpness in detecting deviations. On the other hand, time budget pressures can potentially reduce the auditor's work accuracy due to time constraints in completing audit procedures. Based on this background, this study aims to analyze the effects of auditor competence, work experience, and time budget pressures on audit quality. The research object is Public Accounting Offices (KAP) in Bali Province. The results of this study are expected to provide empirical contributions to the development of accounting knowledge, especially in the field of audit, as well as to serve as input for practitioners and regulators in formulating policies to improve audit quality.

## **LITERATURE REVIEW**

### **Attribution Theory**

Attribution theory is used to explain how individuals understand and explain the causes of an event or behavior, whether stemming from internal factors (competence) or external factors (pressure) (Heider, 1958; Nurrohman, 2021). In the context of audits, attribution of audit success or failure can influence perceptions of auditors and the organizations being audited.

### **Agency Theory**

Agency theory explains the relationship between the principal (owner) and the agent (management) that creates conflicts of interest due to information asymmetry (Eisenhardt, 1989). Auditing serves as a monitoring mechanism to reduce the risk of moral hazard. In its implementation, auditors face challenges such as time budget pressures and client demands that can affect the independence and quality of the audit (Tandiontong, 2022).

### **Auditor Competence**

Competence refers to the knowledge, skills, and professional attitudes that enable auditors to perform their duties effectively (Anggraeni, 2020). Previous

research has indicated that competence positively affects audit quality (Pinto et al., 2020; Melinawati & Prima, 2020).

#### **Auditor Work Experience**

Auditor work experience reflects the duration and breadth of involvement in various audit assignments, which enhances analytical skills and professional judgment (Pratiwi et al., 2019). Research by Muslim et al. (2020) shows a positive relationship between experience and audit quality.

#### **Time Budget Pressure**

Time budget pressure refers to the strict time limits in completing an audit. This pressure can lead to a decrease in accuracy and an increase in the risk of errors (Karim, 2022; Rifka et al., 2022). Syahrani (2023) found that time pressure negatively impacts audit quality by reducing auditor skepticism.

### **METHODOLOGY**

This research uses a quantitative approach with an explanatory survey method. This approach is chosen to test the causal relationships between independent variables, namely competence, auditor working experience, and budgetary time pressure, to the dependent variable, which is audit quality. The main objective of this research is to gain empirical understanding of the influence of these three variables in the context of audit practice at Public Accounting Offices (KAP) in Bali Province. The population in this study includes all auditors working at KAP in the Bali Province region. The sampling technique is conducted non-probabilistically using a snowball sampling approach. This technique is used to acquire respondents who meet the criteria through recommendations from initial respondents. From the questionnaire distribution process, a total of 110 auditors were obtained as respondents, spread across 19 active KAPs in Bali Province.

The type of data used in this research is primary data obtained through the distribution of a questionnaire instrument to respondents. The research instrument is structured in the form of closed statements measured using a five-point Likert scale, ranging from scale 1 (strongly disagree) to scale 5 (strongly agree). This scale is used to measure the respondents' perceptions of the indicators of each variable being studied.

The operational definition of variables in this research is delineated as follows. Auditor competence is defined as a set of abilities that includes knowledge, technical skills, and professional attitudes in effectively carrying out audit tasks according to standards. Auditor work experience refers to the level of auditor involvement in the audit process over a certain period, including the complexity of cases previously handled. Time budget pressure is defined as the condition of time constraints felt by the auditor in completing audit procedures according to the established deadlines. Meanwhile, audit quality is defined as the auditor's probability of discovering and objectively reporting material misstatements, prioritizing professional integrity and independence.

Data analysis was conducted using a Partial Least Squares (PLS)-based Structural Equation Modeling (SEM) approach, through SmartPLS software. This technique was chosen because it excels in processing models with many indicators, does not require assumptions of normal distribution for the data, and is suitable for relatively limited sample sizes. The analysis stages include testing the outer model to measure convergent validity and construct reliability through loading factor values, Average Variance Extracted (AVE), and composite reliability. Next, the inner model testing is used to assess the relationships between constructs through the coefficient of determination ( $R^2$ ), as well as hypothesis testing through t-statistic values and significance levels (p-value).

## RESULTS AND DISCUSSION

### Analysis of the Research Model with PLS Method (Partial Least Squares)

This research aims to test the influence of competency, auditor work experience, and budgetary time pressure on audit quality at Public Accounting Firms in Bali Province. Data processing is carried out using the Partial Least Squares (PLS) method through the SmartPLS application. The analysis process is conducted through two main stages, namely the testing of the measurement model (outer model) and the testing of the structural model (inner model).

#### Measurement Results (Outer Model) Convergent Validity

The concept related to convergent validity is the idea that the indicators used to measure a construct should have a high level of correlation with one another. There are two main metrics that express this. One measure of the ability of indicators to reveal a latent construct is the factor loading. A factor loading value greater than 0.7 is considered optimal, as it indicates a good relationship between the indicators and the construct being tested (Hair Jr et al., 2021).

Table. 1 Convergent Validity Testing

Correlation of Indicators with Variables	Original Sample	Desc
X1.1 <- Competence	0.849	Valid
X1.2 <- Competence	0.853	Valid
X1.3 <- Competence	0.869	Valid
X1.4 <- Competence	0.802	Valid
X2.1 <- Audit work experience	0.853	Valid
X2.2 <- Audit work experience	0.876	Valid
X2.3 <- Audit work experience	0.920	Valid
X2.4 <- Audit work experience	0.920	Valid
X3.1 <- Time Budget Pressure	0.892	Valid
X3.2 <- Time Budget Pressure	0.896	Valid
X3.3 <- Time Budget Pressure	0.859	Valid
X3.4 <- Time Budget Pressure	0.947	Valid
Y1 <- Audit Quality	0.909	Valid
Y2 <- Audit Quality	0.930	Valid
Y3 <- Audit Quality	0.833	Valid
Y4 <- Audit Quality	0.931	Valid

Source: Data Processing Results, 2025

The results of the convergent validity test based on Table 1 show that all research indicators have factor loading values greater than 0.70, concluding that all indicators meet the Convergent Validity requirement. This study also aims to conduct an additional test to see how much variation is captured by its indicator constructs using the Average Variance Extracted (AVE) figure, which is an additional metric for convergent validity testing. Assuming that the latent construct is able to explain more than 50% of the variation in its indicators, an AVE value higher than 0.5 is considered optimal. Table 2 displays the results of the AVE value test as follows:

Table. 2 AVE Testing

Variable	AVE
Competence	0,712
Auditor work experience	0,797
Time Budget Pressure	0,808
Audit Quality	0,812

Source: Data Processing Results, 2025

Table 2 shows the expected average value (AVE) for many auditor variables, including competence, work experience, time budget pressure, and audit quality. Each variable has an AVE value higher than 0.50, indicating that the model is satisfactory. In addition to performing validity tests, reliability tests were also conducted to determine whether the questionnaire is a reliable instrument by looking at its reliability coefficient, which indicates how consistently the instrument measures the variables of interest. If the construct can provide correct measurements more often, its reliability score will be higher than 0.7. The results of the reliability test are shown in the table below. The results of the reliability test are shown in the table below

Table. 3 Reliability Test Results

variable	Cronbach's Alpha	Composite Reliability	Desc
Competence	0,871	0,908	Reliabel
Auditor work experience	0,915	0,940	Reliabel
Time Budget Pressure	0,921	0,944	Reliabel
Audit Quality	0,922	0,945	Reliabel

Source: Processed Data Results, 2025

The results of the reliability test using Composite Reliability and Cronbach's alpha show that audit quality, time budget pressure, and all other variables have a reliability score of more than 0.70. Thus, these variables are sufficiently reliable.

Structural Model Evaluation (Inner Model)

**R-Square (R<sup>2</sup>)**

One way to evaluate the PLS model is by looking at the R<sup>2</sup> value for each dependent latent variable. Observing changes in the R<sup>2</sup> value allows one to observe the impact of certain external latent variables on endogenous latent variables. According to the R<sup>2</sup> value metrics, a moderate R<sup>2</sup> value is between 0.50 and 0.75, a strong R<sup>2</sup> value is above 0.75, and a poor R<sup>2</sup> value is above 0.25. Up to 63.9% of the variation in audit quality can be explained by auditor competence, auditor experience, and time budget pressure; the remaining 36.1% can be explained by factors not included in the study. The R-Square of 0.639 indicates a moderate level of reliability for the Audit Quality Variable.

**F-Square (F<sup>2</sup>)**

The results of the F-Square test indicate that the relationship between competence and audit quality has a small effect, with a high F-Square value of 0.118. The auditor's level of expertise has a strong correlation with audit quality (F-Square = 0.561). Time budget constraints are considered to have a small effect on audit quality, as indicated by an F-Square value of 0.143.

**Hypothesis Test Results**

This study uses a Partial Least Square (PLS) analysis approach to test the previously stated research hypotheses. The results of the empirical model analysis of this research using Partial Least Square (PLS) can be seen in Figure 1 below:

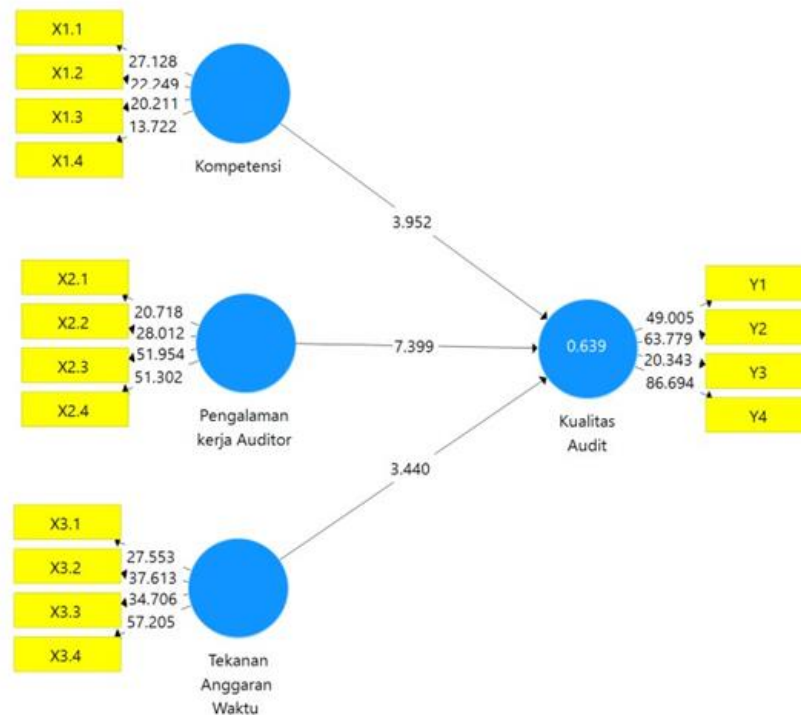


Figure. 1 Empirical Model of the Research

Table. 4 Recapitulation of the Research Hypothesis Results

Hypothesis	Correlation Coefficient	t- Count	P Values	Desc
Competence -> Audit Quality	0,218	3,952	0,000	Significant
Auditor work experience -> Audit quality	0,529	7,399	0,000	Significant
Time Budget Pressure -> Audit Quality	-0,266	3,440	0,001	Significant

Source: Processed Data Results, 2025

The results of the first hypothesis test examining the effect of competence on audit quality are shown in Table 4. We can reject  $H_0$  and accept  $H_1$  after conducting the t-test ( $3.952 > 1.96$ ), p-value ( $0.000 < 0.05$ ), and correlation coefficient (0.218). Considering this, employing a reliable public accounting firm in Bali Province can significantly improve audit quality. This conclusion indicates that raising the standards of competence will have a substantial impact on audit quality.

Hypothesis 2 indicates the effect of auditors' work experience on audit quality is rejected ( $H_0$ ) and  $H_2$  is accepted ( $H_2$ ) because the correlation coefficient is 0.529, the t-count value is  $7.399 > 1.96$ , and the p-value is  $0.000 < 0.05$ . This clarifies that the quality of audits at Public Accounting Offices in Bali Province is significantly influenced by the auditors' work experience. Based on these findings, audit quality will significantly increase along with the auditors' expertise.

Hypothesis 3 shows that the research on the effect of time pressure on audit quality yields the following results: a correlation coefficient of -0.266, a calculated t-value of  $3.440 > 1.96$ , and a calculated p-value of  $0.001 < 0.05$ . Therefore, we can reject  $H_0$  and accept  $H_3$ . All of the above indicates that public accounting firms in Bali Province are significantly affected by time pressure, which negatively impacts audit quality. According to the research findings, the impact of time constraints on audit quality decreases as severity increases.

### **The Influence of Competence on Audit Quality at Public Accounting Firms in Bali Province**

The results of the hypothesis test show that auditor competence has a positive and significant effect on audit quality. This is indicated by a t-statistic value of 3.952 (greater than the t-table of 1.96), a p-value of 0.015 (less than 0.05), and a coefficient value of 0.218. These findings indicate that an increase in auditor competence can significantly improve audit quality at Public Accounting Firms (KAP) in Bali Province. Competent auditors possess adequate knowledge, technical skills, and experience in conducting audits comprehensively, objectively, and according to professional standards. High competence allows auditors to understand the client's business processes more deeply, thereby increasing the potential to detect errors or misstatements in financial statements.

This is consistent with the opinion of Pratitweti et al. (2020), which states that thorough understanding of the business by auditors is key to producing an audit.

In the perspective of attribution theory, auditor competence is viewed as an internal factor inherent to the individual, influencing the ability to make decisions and complete tasks professionally (Meah, 2023). Competent auditors tend to have the capacity to critically evaluate audit evidence, draw accurate conclusions, and deliver credible audit opinions. Therefore, competence becomes an important indicator in assessing the quality of auditor performance.

The results of this study support the findings of Hidayah (2021) which emphasize the importance of education and experience in shaping the professional competence of auditors. Furthermore, these results are also consistent with previous research by Evia et al. (2022), Supit et al. (2022), and Syahrani et al. (2023), which state that auditor competence significantly enhances audit quality. Therefore, it can be concluded that auditor competence is a key prerequisite in ensuring the credibility of audit reports and increasing stakeholder confidence in audited financial information.

#### **The Impact of Auditors' Work Experience on Audit Quality in Public Accounting Firms in Bali Province**

The results of the hypothesis testing indicate that the work experience of auditors has a positive and significant effect on audit quality. The t-statistic value of 7.399 (greater than 1.96) and the p-value of 0.000 (less than 0.05) indicate a significant relationship between the two variables. Additionally, the coefficient value of 0.529 shows that the higher the work experience of auditors, the better the audit quality produced. This indicates that auditors with adequate work experience have higher proficiency in detecting errors or deviations in financial reports.

Work experience reflects the accumulation of practical knowledge that auditors gain when facing various audit cases, including complex situations that require professional judgment. Auditors who have been involved in diverse assignments tend to have sharper intuition and sensitivity to audit risks. According to Kusuma and Damayanthi (2020), work experience can be developed through training, supervision, and peer evaluation, which ultimately enhances the technical and professional skills of auditors. From the perspective of attribution theory, work experience is an internal factor that develops through the interaction between an individual and their environment. Factors such as the number of tasks completed, the duration of assignments, and the variety of audit fields contribute to the formation of personal competencies that affect the quality of work outcomes (Barr-Pulliam, 2022). With increased experience, auditors tend to have better capabilities in evaluating internal control systems and identifying significant risk areas (Armawan & Wiratmaja, 2020). This finding is in line with the results of studies conducted by Evia et al. (2022) and Hutagaol & Rahayu (2022), which state that an auditor's work experience significantly strengthens audit quality. Experienced auditors have the capacity to work more efficiently and independently, allowing them to complete assignments more accurately and on time. Therefore, work experience is an important determinant in efforts to improve audit quality, especially in the environment of Public Accounting Firms. The results of hypothesis testing show that budgetary time pressure has a

negative and significant impact on audit quality at Public Accounting Firms in Bali Province.

### **The Influence of Time Budget Pressure on Audit Quality in Public Accounting Offices in Bali Province**

The coefficient value of -0.266, a t-statistic of 3.440 (greater than 1.96), and a p-value of 0.001 (less than 0.05) indicate that the higher the time budget pressure faced by auditors, the lower the quality of the audit produced. This pressure can take the form of time limitations to complete the audit or cost pressures that restrict auditors' ability to carry out thorough and careful audit procedures.

This finding reinforces the view that time constraints are one of the external factors that can disrupt the optimal execution of audits. Under conditions of high time pressure, auditors are faced with heavy workloads, tight deadlines, and expectations for efficiency from clients as well as from the firm. Wardani et al. (2021) state that time budget pressure can trigger behaviors that reduce audit procedures, take shortcuts, or neglect important audit steps. This certainly has a direct impact on the effectiveness of the audit process and the accuracy of the resulting opinion.

According to attribution theory, time budget pressure is classified as an extrinsic factor that situationally influences auditor actions. In this context, auditors tend to respond to external pressures, such as excessive workloads and limited time allocation, by adjusting their behavior to complete tasks within the specified timeframe (Kunna, 2022). However, these adjustments often come at the expense of quality because not all procedures can be conducted thoroughly. Basuki (2023) adds that in a competitive situation among Public Accounting Firms, time efficiency often takes precedence, making the pressure to complete audits more intense.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusion**

In Bali Province, audit quality is greatly enhanced by competent public accounting firms. The findings of this research indicate that public accounting firms in Bali Province can significantly improve audit quality by enhancing auditor competency. In the public accounting business in Bali Province, work experience is a key factor in improving audit quality. The findings of this research show that public accounting firms in Bali Province can greatly benefit from auditors who have more expertise in their field in terms of audit quality.

The public accounting business in Bali Province is greatly affected by time budget constraints, which severely impact audit quality. The quality of audits will decline in public accounting firms in Bali Province as a direct result of increasing auditor time budget tensions, according to the conclusions of this study.

### **Recommendation**

The Public Accounting Offices in Bali Province are expected to maximize competencies, enhance auditor work experience, to improve audit quality while also considering the time and financial constraints faced by auditors. This recommendation is based on the results of this study's analysis. Furthermore, if this investigation continues, it is likely that its scope will not only cover public accounting offices in Bali Province or even change the research location to a less specific location, in order to provide a more comprehensive picture that can be applied more generally.

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