THE IMPACT OF AUDITOR COMPETENCE AND AUDITOR EXPERIENCE ON AUDIT JUDGEMENT, MEDIATED BY TASK COMPLEXITY, WITHIN PUBLIC ACCOUNTING FIRMS IN THE CITY OF MEDAN

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ABSTRACT

Purpose: This research aims to investigate the intricate interplay between Auditor Competence and Auditor Experience, emphasizing their significant impact on Audit Judgment. The study also introduces Task Complexity as an intermediary variable, mediating the association between these competencies and judgment outcomes.

Theoretical Framework: The research is grounded in a theoretical framework that highlights the relationships among Auditor Competence, Auditor Experience, Task Complexity, and Audit Judgment. This framework provides a conceptual basis for understanding how these variables interact and contribute to the overall audit process.

Methods: Employing an associative methodological approach, the study utilizes primary data obtained through meticulously designed questionnaires. The participants consist of 173 auditors actively working in Public Accounting Firms (KAP) located in the urban expanse of Medan City. The sampling technique employed is saturated sampling to ensure a comprehensive representation of the population. Analytical pursuits involve a sequential tripartite process, including outer model analysis, inner model analysis, and hypothesis testing.

Findings: The empirical analysis reveals several key insights. Firstly, Auditor Competence significantly influences Audit Judgment outcomes. Secondly, Auditor Competence has a substantive impact on Task Complexity. Thirdly, Auditor Experience significantly resonates with the tenets of Audit Judgment. Fourthly, Auditor Experience demonstrates meaningful correlations with Task Complexity. However, the relationship between Task Complexity and Audit Judgment is not statistically significant. Additionally, the intermediary effect of Task Complexity on the relationship between Auditor Competence and Audit Judgment lacks statistical substantiation. Lastly, the mediating role of Task Complexity in the association between Auditor Experience and Audit Judgment lacks empirical significance.

Practical Implications: The study's findings hold practical implications for auditing practices. Firms can enhance Audit Judgment by focusing on improving Auditor Competence and strategically leveraging Auditor Experience. Understanding the nuanced relationship between...
these factors and Task Complexity can inform training programs and professional development initiatives within the auditing profession.

**Originality/Value:** This research contributes to the field by offering nuanced insights into the relationships between Auditor Competence, Auditor Experience, Task Complexity, and Audit Judgment. The empirical findings provide a unique perspective, revealing both significant and non-significant associations, thereby contributing to a more comprehensive understanding of the factors influencing audit quality. This study’s originality lies in its meticulous methodology and its potential to inform practical strategies for optimizing audit processes.

**Keywords:** consideration, financial statements, Smart-PLS, public accountant.
Auditor. Entender a relação diferenciada entre esses fatores e a Complexidade de Tarefas pode nortear os programas de treinamento e as iniciativas de desenvolvimento profissional dentro da profissão de auditoria.

Originalidade/Valor: Esta pesquisa contribui para o campo, oferecendo uma visão matizada das relações entre Competência do Auditor, Experiência do Auditor, Complexidade de Tarefas e Julgamento de Auditoria. Os resultados empíricos fornecem uma perspectiva única, revelando associações significativas e não significativas, contribuindo assim para uma compreensão mais abrangente dos fatores que influenciam a qualidade da auditoria. A originalidade deste estudo reside na sua metodologia meticulosa e no seu potencial para informar estratégias práticas para otimizar os processos de auditoria.

Palavras-chave: consideração, demonstrações financeiras, Smart-PLS, contabilista público.

1 INTRODUCTION

The vocation of public accounting in Indonesia is an esteemed responsibility, signifying a significant trust vested by the public. Designation as a "public accountant" is granted only to accounting professionals officially authorized by the Minister of Finance. This authorization empowers them to provide a spectrum of Auditing & Assurance Services, ranging from financial reports to performance audits, special audits, and non-attestation services such as consultancy and compilation (Hasanah & Rosini, 2016).

Financial statements, comprehensive documents detailing a company's assets, liabilities, equity, income, and expenditures, serve as crucial instruments of communication. Prepared at regular intervals, these statements enable the managerial exhibition of a company's financial state and performance over a specified period. Both internal and external stakeholders leverage the insights from financial reports as foundational pillars for rendering economic judgments (Sumarsan, 2018). The core objective of financial reports is to provide pertinent insights into the fiscal position, performance, and alterations in the fiscal configuration of an establishment, furnishing consequential guidance for decision-making (Hanum, 2019).

The conduct of financial reporting for business undertakings transpires within a one-year timeframe from the audit conducted by a public accountant, usually extending from one to three months. Given the concise duration of the auditing process, authenticating the legitimacy of every transaction becomes impractical. Instead, a select subset of transactions is scrutinized as research samples, necessitating specific deliberations throughout the audit, both during planning and execution, leading to the formation of audit judgments (Margaret, et al, 2014).
Harmonizing client expectations with the intricate nature of professional obligations is a challenge for auditors. A correlation between audit experience and the adeptness to fulfill intricate tasks is evident. As auditors accumulate more experience, their efficiency in handling tasks of heightened complexity improves concomitantly (Muslim et al., 2018). The presence of public accountants is anticipated to curtail information risk by diligently garnering substantial assurance regarding the comprehensive accuracy of audited financial statements, mitigating the impact of material misstatements (IAPI, 2016a).

Auditors, entrusted with the capacity to exercise audit judgments, play a pivotal role across all stages of the audit, guiding the formulation of informed opinions. Precision in audit judgment empowers auditors to accurately shape their opinions, culminating in dependable audit reports. Incorrect audit judgments, conversely, engender unreliable reports that hold potential to detrimentally affect stakeholders with vested interests.

Beyond the auditor's aptitude within the audit process, a requisite acumen in judgment administration is essential. Seasoned senior auditors exhibit heightened selective attention to pertinent information, demonstrating greater coherence between responses to selected information and initial assessments of control risk compared to less-experienced counterparts (Pardade, 2015). The capacity for exercising judgment is intricately interwoven with the task's intricacy and complexity, augmenting the likelihood of errors and fostering inaccurate decisions or audit judgments (Ahyani et al., 2015).

In this context, this research aims to delve into the intricacies of audit judgment, exploring the interplay between auditor experience, task complexity, and the efficacy of judgment administration. The overarching goal is to enhance understanding of the factors influencing audit judgment, contributing to the refinement of auditing practices and the reliability of financial reporting in Indonesia. The research seeks to answer:

1. How does auditor competence influence audit judgment within public accounting firms in the City of Medan?
2. How does auditor experience influence audit judgment within public accounting firms in the City of Medan?
3. How does task complexity mediate the relationship between auditor competence and auditor experience with audit judgment within public accounting firms in the City of Medan?
2 THEORETICAL FRAMEWORK

2.1 AUDIT JUDGMENT

Arens and Loebbecke (Ikhsan et al., 2018) define an audit as a meticulous process of collecting and evaluating evidence related to measurable information of an economic entity. This process is undertaken by a competent and independent individual to determine and report the conformity of the information with established criteria.

Penner (2019) elucidates audit judgment as the auditor's capacity to identify, analyze, and evaluate audit evidence, aiming to garner sufficient confidence to express an audit opinion. Simultaneously, Gaynor et al. (2018) conceptualize audit judgment as the auditor's ability to comprehend audit information, apply knowledge, experience, and skills, thereby making sound audit decisions.

In essence, audit judgment represents the auditor's personalized consideration and policy formulation in response to data or information influencing evidence or documentation concerning an event. Notably, each auditor may yield different audit judgments for the same assignment, emphasizing the necessity for continual skill refinement and experience accumulation to enhance the quality of audit judgment.

2.2 AUDITOR COMPETENCY

Auditor competency, as articulated by Dana (2019), is the proficiency of an individual in applying technical knowledge and skills in alignment with audit procedures derived from experience. Alim et al. (2019) further elaborate that audit competency involves the effective and efficient collection, analysis, and evaluation of audit evidence, ensuring the generation of precise and reliable audit opinions. Additionally, Subroto et al. (2018) emphasize that auditor competency extends to the application of knowledge, skills, management of audit risks, and effective communication with various stakeholders.

In summary, auditor competency signifies the adept application of knowledge and experience in conducting audits (Al-Ibadi, D., H., M., Ajina, A. (2023). Auditors are mandated to make precise audit judgments, pivotal at every stage of the audit, as accurate judgments lead to correct opinions, ensuring the production of reliable audit reports. Research by Mustiasanti (2017) highlights the influence of competence on audit judgment, reinforcing findings by Kurniasih, IP, & Saadah, S. (2020) that auditor competence and experience positively and significantly impact audit judgment.
2.3 AUDITOR EXPERIENCE

Mihret et al. (2018) describe auditor experience as the knowledge gained through direct involvement in audits and ongoing training. Meanwhile, Arens et al. (2019) and Subroto et al. (2018) elucidate auditor experience as the accumulated expertise gained through various audit assignments, spanning different industries, business types, and audit varieties.

Audit experience, as inferred from the above definitions, encapsulates an auditor's familiarity with auditing an entity's financial statements (Al-Ibadi, D., H., M., Ajina, A. (2023). This experience is perceived as a developmental process contributing to enhanced behavioral patterns. Therefore, work experience assumes a pivotal role in predicting the performance of public accountants (Ouerfelli, C., Dheyab, M., A. (2023). Notably, auditors are expected to possess experience in exercising judgment, as demonstrated by senior auditors displaying heightened selective attention and greater consistency in their responses (Pardede, 2015).

Research findings by Andryani et al. (2019) affirm the positive impact of experience on audit judgment, aligning with the significant influence highlighted by Abbas et al. (2019). Nevertheless, Pektra & Kurnia (2015) present a dissenting perspective, asserting that experience does not affect audit judgment.

2.4 TASK COMPLEXITY

Wood's three-dimensional definition of task complexity, as referenced in Nadhiiroh (2010), incorporates component complexity, coordinative complexity, and dynamic complexity. Auditors often grapple with complex, interconnected tasks, with the perception of task difficulty varying among individuals (Prasinta, 2010). The complexity of an audit is intricately linked to an auditor's perception of the task's difficulty.

Task complexity poses challenges to auditors, potentially leading to errors and pressure. Studies by Almilia et al. (2020) and Nugraha and Susilowati (2019) reveal a negative impact of task complexity on audit judgment, indicating that increased task complexity correlates with reduced auditor ability to make appropriate decisions. Raiyani & Saputra (2014), on the contrary, assert a direct effect of task complexity on audit judgment.

In conclusion, this comprehensive examination aims to elucidate the intricate dynamics of audit judgment, auditor competency, experience, and task complexity. The
ensuing exploration delves into the interplay of these factors, providing valuable insights for the optimization of audit practices and the reliability of financial reporting.

3 RESEARCH METHOD

3.1 POPULATION AND SAMPLE

The population under investigation in this study comprises public accountants actively employed within Public Accounting Firms (KAP) situated within Medan City. The enumeration of Public Accounting Firms in Medan City amounts to a total of 23 establishments.

The sampling approach adopted for this research aligns with the principles of saturated sampling, often referred to as a census. According to Sugiyono (2017: 85), saturated sampling denotes a methodological approach where every member of the population is encompassed within the sample. Therefore, the entirety of the population of interest, encompassing 173 public accountants functioning within Public Accounting Firms (KAP) in Medan City, constitutes the subject of sampling in this study.

3.2 DATA COLLECTION METHOD

The method employed for data collection in this research entailed the dissemination of structured questionnaires. The participants of this study were auditors affiliated with Public Accounting Firms located in Medan City. To gauge responses, the Likert scale was adopted as the instrumental scale. Prior to the dissemination of the questionnaires, a comprehensive assessment of the instrument's quality was executed, encompassing tests of both validity and reliability.

3.3 DATA ANALYSIS APPROACH

The analytical framework applied within this study encompasses a range of techniques including Descriptive Statistical Tests, Hypothesis Testing, and Structural Equation Modeling (SEM) Analysis. These analytical tools collectively serve to unravel the intricacies of the research questions and hypotheses, thereby enabling a comprehensive exploration of the relationships under scrutiny.
4 RESULT AND DISCUSSION

4.1 DESCRIPTIVE ANALYSIS

Among the total allocation of 173 questionnaires dispensed, a total of 64 questionnaires were both duly completed and returned. Employing a comprehensive sampling technique termed saturated sampling, which entails the inclusion of the entire population, the count of all returned questionnaires was employed for analytical purposes. This approach bestows a representative status upon the researcher's acquired respondent pool.

4.2 CONVERGENT VALIDITY

The assessment of the measurement model's convergent validity, employing reflexive indicators, was executed through the computation of correlations between item scores and component scores via Partial Least Squares (PLS) methodology. For individual reflexive metrics, a correlation of more than 0.70 with the targeted constructs is deemed indicative of robust validity (Ghozali, 2015). The convergent validity within the statements associated with each variable in this study has resulted in component scores on the loading factor computed through PLS, manifesting correlations exceeding the threshold of 0.7. Consequently, it is affirmed that all variables' associated statements within this study are endowed with substantial validity.

4.3 DISCRIMINANT VALIDITY

The assessment of discriminant validity hinges on the Average Variance Extracted (AVE) value attributed to each indicator, necessitating a value surpassing 0.5 to substantiate the efficacy of the model (Ghozali, 2015). Within the context of this study, the computed AVE values exceed this pivotal threshold, corroborating the soundness of the discriminant validity pertaining to each variable examined.

4.4 COMPOSITE RELIABILITY

The affirmation of composite reliability is attained if a variable registers a composite reliability value exceeding 0.6 (Ghozali, 2015). Within the purview of this study, the computed Composite Reliability values exceed the prescribed threshold, thus confirming the elevated level of reliability associated with all examined variables.
4.5 CRONBACH’S ALPHA

The validation of reliability, as reinforced by the previously determined composite reliability, is fortified through the integration of Cronbach's alpha value. A variable is upheld as reliable if its Cronbach's alpha value surpasses 0.7 (Ghozali, 2015). It is pertinent to note that each variable subjected to research scrutiny exhibits Cronbach's alpha values surpassing 0.7. Consequently, these findings resoundingly affirm that all researched variables satisfactorily fulfill the requisites for elevated reliability.

4.6 COEFFICIENT OF DETERMINATION (R-SQUARE)

The coefficient of determination (R-Square) obtained from this study stands at 0.493 in relation to the Auditor Performance variable, while for the Professionalism variable, the derived R-Square value is 0.449. This signifies that the variables of Professional Ethics and Auditor Independence jointly expound 49.3% of the variance in Auditor Performance and 44.9% of the variance in Professionalism.

4.7 HYPOTHESIS TESTING

The ascertaining of a significant impact of the independent variable upon the dependent variable is established when the t-statistic exceeds 1.99, coupled with a p-value below 0.05 (Dahrani et al., 2022). Presented below are the outcomes of data analysis as conducted through SmartPLS version 3.3 in the context of this study:

<table>
<thead>
<tr>
<th>Hypothesis Testing Result</th>
<th>Original Sample</th>
<th>Sample Means</th>
<th>Standard Deviation</th>
<th>t-Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 -&gt; Y</td>
<td>0.334</td>
<td>0.356</td>
<td>0.139</td>
<td>2.405</td>
<td>0.017</td>
</tr>
<tr>
<td>X1-&gt;Z</td>
<td>0.343</td>
<td>0.342</td>
<td>0.132</td>
<td>2.593</td>
<td>0.010</td>
</tr>
<tr>
<td>X2 -&gt; Y</td>
<td>0.333</td>
<td>0.330</td>
<td>0.106</td>
<td>3.136</td>
<td>0.002</td>
</tr>
<tr>
<td>X2 -&gt; Z</td>
<td>0.477</td>
<td>0.489</td>
<td>0.132</td>
<td>3.814</td>
<td>0.000</td>
</tr>
<tr>
<td>Z-&gt;Y</td>
<td>0.237</td>
<td>0.223</td>
<td>0.133</td>
<td>1.782</td>
<td>0.075</td>
</tr>
<tr>
<td>X1 -&gt; Z -&gt; Y</td>
<td>0.081</td>
<td>0.071</td>
<td>0.051</td>
<td>1.613</td>
<td>0.107</td>
</tr>
<tr>
<td>X2 -&gt; Z -&gt; Y</td>
<td>0.111</td>
<td>0.113</td>
<td>0.081</td>
<td>1.394</td>
<td>0.164</td>
</tr>
</tbody>
</table>

Sources: SmartPLS output

The presented result showcases a significant relationship between Auditor Competence and Audit Judgment within the context of Public Accounting Firms in Medan city. The calculated path coefficient, standing at 0.334, indicates the extent of the influence exerted by Auditor Competence on Audit Judgment. This influence is substantiated by a t-value probability value of 2.405, exceeding the threshold value of 1.99, and a corresponding p-value of 0.017, which is lower than the significance level of
This collective evidence supports the conclusion that Auditor Competence plays a statistically significant role in shaping Audit Judgment within the aforementioned professional setting.

This finding underscores the importance of the competence possessed by auditors in determining the quality and accuracy of their judgment during the audit process. It implies that auditors with enhanced competence are more capable of making informed and reliable judgments, thereby contributing to the overall effectiveness and credibility of the audit outcomes.

The outcome presented unveils a significant relationship between Auditor Competence and Task Complexity within the domain of Public Accounting Firms in Medan city. The computed path coefficient of 0.343 denotes the magnitude of impact that Auditor Competence wields over Task Complexity. Bolstering the validity of this relationship is the t-value probability value of 2.593, surpassing the critical value of 1.99, coupled with a p-value of 0.010, which falls below the conventional significance level of 0.05. This collective statistical evidence distinctly signifies that Auditor Competence indeed holds a substantial and statistically significant influence over Task Complexity in the context of Public Accounting Firms in Medan.

This finding elucidates that the competency level of auditors plays a pivotal role in determining the complexity of tasks undertaken. Auditors who exhibit higher levels of competence are better equipped to handle intricate tasks effectively, as their proficiency enables them to navigate complex scenarios with enhanced precision and insight.

The result presented elucidates a noteworthy relationship between Auditor Experience and Audit Judgment in the context of Public Accounting Firms located in Medan City. The computed path coefficient, quantified at 0.333, signifies the extent of impact that Auditor Experience imparts to Audit Judgment. This influence is substantiated by a t-value probability value of 3.136, surpassing the threshold value of 1.99, accompanied by a p-value of 0.002, which falls below the conventional significance level of 0.05. Collectively, these statistical indicators conclusively underscore that the Auditor's Experience yields a substantive and statistically significant influence upon Audit Judgment within Public Accounting Firms situated in Medan City.

This finding underscores the pivotal role of experience in augmenting the accuracy and soundness of audit judgment. It implies that auditors with greater experience
are better equipped to assess complex situations, make informed decisions, and offer insights that contribute to more reliable and credible audit outcomes.

The provided result underscores a substantial relationship between Auditor Experience and Task Complexity within the realm of a Public Accounting Firm located in Medan city. The path coefficient value of 0.477 signifies the magnitude of influence that Auditor Experience holds over Task Complexity. This relationship is reinforced by a t-value probability value of 3.614, which surpasses the threshold of 1.99, along with a p-value of 0.000, well below the conventional significance level of 0.05. Collectively, these statistical measures unequivocally substantiate that Auditor Experience wields a significant and impactful effect on Task Complexity within the context of the Public Accounting Firm in Medan city.

This finding accentuates the pivotal role of experience in shaping the complexity of tasks that auditors undertake. It suggests that auditors with more extensive experience are adept at handling intricate and multifaceted tasks, which can arise within the complex environment of a Public Accounting Firm.

The established connection between Task Complexity and Audit Judgment is marked by a path coefficient of 0.237. However, the statistical analysis reveals a t-value probability value of 1.782, falling short of the threshold of 1.99, and a p-value of 0.075, which exceeds the significance level of 0.05. These statistical parameters collectively indicate that Task Complexity does not exert a significant effect on Audit Judgment within the Public Accountant Office in Medan City.

The interplay between Professional Ethics, Professionalism, and Auditor Performance is characterized by a path coefficient of 0.351. The statistical significance of this influence is bolstered by a t-value probability value of 2.713, surpassing the threshold of 1.99, and a corresponding p-value of 0.007, which falls below the conventional significance level of 0.05. In this context, it is affirmed that Professional Ethics on Auditor Performance through Professionalism indeed holds a noteworthy and statistically significant influence over Auditor Performance within the domain of the Public Accounting Firm in Medan City.

These results underscore the intricate nature of the relationships under study and highlight the nuanced dynamics between variables that influence audit-related aspects and professionalism within the public accounting context.
The computed path coefficient for the link between Auditor Competence, Task Complexity, and Audit Judgment stands at 0.081. However, the statistical evaluation divulges a t-statistic probability value of 1.613, which falls below the threshold of 1.99. Accompanied by a p-value of 0.107, exceeding the conventional significance level of 0.05, these statistical outcomes collectively suggest that Auditor Competence through Task Complexity does not exert a statistically significant impact on Audit Judgment within the Public Accounting Firm context in Medan City.

This result portrays the complex interplay of Auditor Competence and Task Complexity, indicating that, within the specific setting examined, these factors combined do not substantially influence the process of forming audit judgments.

The path coefficient ascertained for the link connecting Auditor Experience, Task Complexity, and Audit Judgment is documented as 0.113. However, the derived t-statistic probability value of 1.394 falls short of the threshold of 1.99. Additionally, the computed p-value of 0.164 surpasses the conventional significance level of 0.05. This combined statistical evidence underscores that Auditor Experience through Task Complexity does not manifest a statistically significant influence on Audit Judgment within the context of the Public Accounting Firm located in Medan City.

This outcome highlights the nuanced interplay among Auditor Experience, Task Complexity, and the formation of audit judgments. It suggests that, within the specific parameters of this study, the influence of Auditor Experience through Task Complexity is not prominent in affecting the process of audit judgment.

5 CONCLUSION

Based on the results of research at the Public Accounting Firm in Medan City, it can be concluded that Auditor Competence has a significant effect on Audit Judgment, Auditor Experience has a significant effect on Audit Judgment, Auditor Competence has a significant effect on Task Complexity, Auditor Experience has a significant effect on Task Complexity, Task Complexity has no effect on Audit Judgment, Auditor Competence has no effect on Audit Judgment through Task Complexity, Auditor Experience on Audit Judgment through Audit Judgment has no significant effect.
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