

Impact of External Auditor Competence on Auditing Quality: A Systematic Literature Review

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ABSTRACT

The auditor's competencies and skills play a major role in the implementation of audit tasks with a high degree of quality, and the importance of focusing on the competencies of the scientific auditor increases with the need to keep pace with modern scientific and technical developments that require acquiring and learning the necessary skills that keep pace with audit requirements in a rapidly developing environment and change. This paper aims to determine the impact of the auditor's competencies on the quality of the audit by studying and summarizing previous studies on this topic during the last five years through ProQuest database.

Introduction

As a consequence of the importance of financial statement information transparency for decision-making purposes and auditors' responsibility in ensuring the fairness of financial statements, assessing the influence of associated factors on audit quality appears to be critical. Investigating elements impacting audit quality may also supply investors with some tactics that will result in logical decision making. As a result, using the findings of this study may aid in decision-making. Despite a large and thorough literature on the subject, there is disagreement among experts about their findings, making it difficult to reach a consensus. On the other hand, a single accurate conclusion on the role of linked variables in increasing audit quality may yield superior results. Academics, practitioners, and regulators continue to be interested in issues of auditor independence and competency (Lia, et al., 2018). The greater the quality of audits provided by qualified auditors. This demonstrates a positive association between auditor competency and audit quality (Kertarajasa, et al, 2019). Investigating elements impacting audit quality supply investors with some strategies that will result in logical decision making. Consequently, using the findings of this study may aid in decision-making (Salehi et al, 2019).

Materials and Methods

This qualitative systematic review of the research examines the relationship between external auditor competence and auditing quality. A systematic review aims to collect all empirical data that meets pre-specified inclusion criteria sequent answer a specific research issue (Higgins et al., 2019). It uses specific, systematic approaches that are chosen with the goal of eliminating bias, resulting in more trustworthy data from which inferences may be (Deeks, et al.,2006).

Planning the Review

After identifying ProQuest, a database for collecting scientific articles and articles as a comprehensive database and consisting of several sub-databases, the scientific articles were collected after several stages of exclusion. The exclusion of articles was according to several bases, the most important of which is that they are scientific articles related to the research question, in addition to specifying five years as a period for research and several other bases, for example, the availability of full articles and the type of articles where the focus has been on scholarly journals, dissertations and university theses. These types of article sources were selected to ensure that the papers followed scientific methodologies and that they are meaningful, and their results can be trusted.

Conducting the review

Method

The review of literature was conducted using ProQuest because it is most inclusive database of academic and scholarly articles, including two source types scholarly in addition to dissertations and theses, the total number of articles after eliminating abstract and title was 67 at first stage then apply some criteria inclusion and exclusion factors to include associated articles to refine and eliminate unrelated articles to the research. Moreover, some studies were excluded after reviewing the introduction and abstract. The relevant research reached 11 articles at the conclusion of the sorting step, two of which were eliminated since they were unrelated to the subject of the study.

Data collection process

The following terms were used in the systematic literature search and entered database using Advanced Search function through last 5 years: For example, the first combination of search terms comprised of “competences” AND “Auditor” AND “Quality” and the result returned to 19 articles. Second search terms “Auditor Competence” AND “Auditing Quality” the result returned to 32 articles. Third search terms “Competence” AND “Auditor” AND “Auditing Quality” the result turned to 5 articles. Fourth search terms “Auditor Competence” AND “Auditing” AND “Quality” the result returned to 14 articles (see appendix 2).

Data analysis

To record and evaluate relevant information from chosen articles, a data analysis file was produced in Microsoft® Excel® for Mac (2017). The following categories were used to evaluate publications: study title, methods, sample, year, locations, results, and limitations. By collecting, analyzing, and comparing these results, the main procedures and results reached by these studies (see appendix 3).

Discussion

Despite the attempts of numerous research and studies to verify and identify the factors contributing to raising the quality of the audit, we found through studies of the literature under study closely that there is a dispute and controversy over determining the most significant and influential factors. For instance, whenever the sample size was increased in big firms, the findings of one of the studies revealed that the adoption of current and cognitive technology had a substantial beneficial influence on increasing audit quality (Dobrinić, 2019). Similar findings may be produced

by employing more complete and accurate current strategies and procedures to analyze the financial and accounting performance of corporations and firms, such as expanding sample size and analyzing big data with current knowledge and techniques. Big data analytic strategies, digital transformation, and artificial intelligence have considerably accelerated and facilitated the assessment and evaluation of business outcomes, which auditors may also use to evaluate financial and accounting performance procedures. Some authors claim that competence, independence, and reputation enhance the quality of the joint audit (Abdelmoula et al., 2019). In addition, Kertarajasa et al. suggested that the variables of competence, due professional care, and integrity have a significant positive effect on audit quality. However, the factors of experience and independence have no effect on audit quality. Auditor ethical variables do not influence competence, experience, independence, due professional care, or audit quality considerably (Kertarajasa et al. 2019). García-Blandon et al. (2020) concluded that when the client is audited by a partner with high industry-specific audit experience, results reveal much greater audit quality. Furthermore, neither client-specific nor generic audit expertise of audit partners is a significant predictor of the quality of audit services delivered by external auditors. Furthermore, a considerable negative association exists between inadequacies in particular abilities, specifically (decision-making, information technology, critical thinking, legal knowledge, problem-solving skills, ethical conduct, ambiguity tolerance, presentation skills, written communication, and management accounting abilities) with audit quality (Anis, 2017).

Limitations

The researchers in the study relied on ProQuest as a main database and data collection, and no other databases were used, so researchers recommend expanding in the future using other databases. On the other hand, the last five-year period was determined only, and the research focused on the efficiency of the auditor as a key factor to study its impact on the quality of the audit, with an attempt to identify some other factors from the research on which the study relied.

Conclusion

The researchers in the study relied on ProQuest as a main database and data collection, and no other databases were used, so researchers recommend expanding in the future using other databases. On the other hand, the last five-year period was determined only, and the research focused on the competence of the auditor as a key factor to study its impact on the quality of the audit, with an attempt to identify some other factors from the research on which the study relied.

While other studies found positive relationships between audit quality, the size of the audit firm, and the period of work of the auditor, and here it should be noted that the impact of the audit period was in developing countries. One of the studies indicates that the auditor's preoccupation and the increase in the number of clients causes auditors to violate the rules and ethics related to efficiency and professional care in auditing processes and procedures, which leads to a decrease in audit quality. Based on the outcomes of the research, the researchers suggest conducting future studies to identify and classify the factors leading to improving audit quality as a foundation for research efforts that assist practitioners and standard-setters in tracking to identifying factors that have the greatest impact on audit quality

to control practices on the one hand, as well as adapt and develop standards according to the results of these studies and according to what can be communicate. Meanwhile the researcher found through studying the literature and the results of previous studies that these factors change negatively and positively with the difference in the environment, the location, and the extent of economic, cognitive, accounting education skills and specialized progress.

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Appendix 1

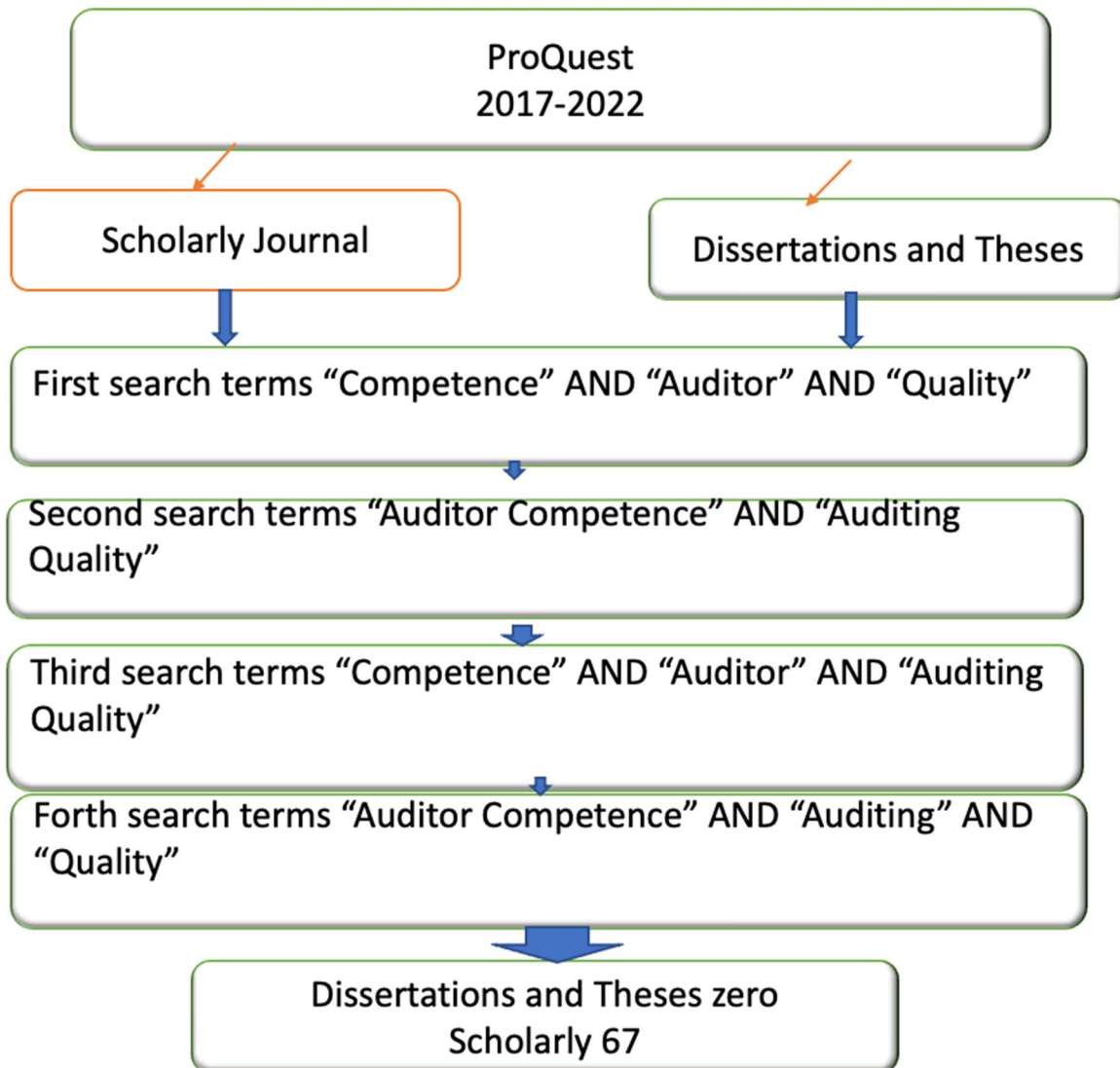


Figure 1 Flow publication collection

Appendix 2

Table 1: Combination of Search Terms and Number of Articles

Combination of Search Terms	ProQuest Database Type of Articles	
	Scholarly Journal. May 2017-2022	Dissertation and theses May 2017-2022
First search terms “Competence” AND “Auditor” AND “Quality”	16	0
Second search terms “Auditor Competence” AND “Auditing Quality”	32	0
Third search terms “Competence” AND “Auditor” AND “Auditing Quality”	5	0
Forth search terms “Auditor Competence” AND “Auditing” AND “Quality”	14	0

Appendix 3

Table 2: Studies characteristics and key findings

Study	year	sample	location	Method	Main research questions for future studies	Finding
Tjan et al.	2019	N= 170	Jakarta and South Sulawesi			Excluded
Lia et al.	2018	N=2803	Malaysia	Observation	What is the effect of the decrease in the number of clients on the quality of the audit	The auditor's busyness with the large number of clients negatively affects the quality of the audit
Dobrinić	2019	N=497	Republic of Croatia	Questionnaire	The readiness of small and medium-sized companies to use technical and digital changes in their audit work	There is a positive relationship between the use of cognitive technology and sample size, which leads to improving audit results and raising quality
Kertarajasa et al.	2019	N=97	South Sumatra, Indonesia	Questionnaire	Impact of sub-factors of competence on audit quality	competence, due professional care, and integrity have a significant positive effect on audit quality
Salehi et al.	2019	N=52 Studies	International studies/Iran	Meta-analysis	Build meta-analysis in other crucial and unclear auditing domains (such as the incidence of going concern opinions or the determinants items of audit fee)	Auditing firms' size and auditor specialization are positively related to audit quality.

García-Blandon et al.	2020	N=762	Spain	Observation	The internal procedures that comprise an audit and their influence on the quality of audit services	Industry-specific knowledge and experience correlates with higher audit quality
Anis et al.	2017	N=163	Egypt	Questionnaire	A cross-cultural extend of the study is required to further understand the disparities in the development of curriculums of accounting and their consequences for audit quality.	A considerable negative association exists between inadequacies in particular abilities, specifically (decision-making, information technology, critical thinking, legal knowledge, problem-solving skills, ethical conduct, ambiguity tolerance, presentation skills, written communication, and management accounting abilities) with audit quality
Abdelmoula et al.	2019	N=222	Tunis	Factorial analyses	Comparing the results of the study to the findings of other similar studies	Competence, independence, and reputation enhance the quality of the joint audit
Wibowo et al.	2022		Indonesia	Questionnaire		Not related
Hou et al.	2019		China			Excluded
Meidawati et al.	2019	N=50	Semarang/ Indonesia	Questionnaire	Conduct a direct interview. Test other variables may influence audit quality	Auditor ethics, competence, and time pressure all had a positive influence on audit quality.