Sibatik Journal
Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan
E-ISSN: 2809-8544

THE EFFECT OF WORK EXPERIENCE ON INTERNAL AUDIT QUALITY WITH AUDITOR COMPETENCE AS AN INSPECTORATE INTERVENING VARIABLE BINJAI CITY AREA

Eka Edi Saputra[1], Kiki Farida Ferine[2]
Universitas Pembangungan Pancabudi
Email: ekaes2011@gmail.com[1], kikifarida@dosen.pancabudi.ac.id[2]

Abstract

This study aims to analyze the effect of work experience on internal audit quality with auditor competence as an intervening variable. This type of research is associative quantitative research. The research was conducted at the Binjai City Inspectorate office. The population used in this study was 79 employees and the sample used was all populations counted without exception of 79 employees. The sample technique used was the saturated sample technique. The data collection used is by distributing questionnaires. The research model used is path analysis and the measuring tool used is Smart PLS version 3.3.3. The result of his research is that competence has a positive and significant effect on audit quality. Work Experience has no significant positive effect on competence. Work Experience has no significant negative effect on Audit Quality.

Keywords*: Work Experience, Competence, Audit Quality*

INTRODUCTION

Experience in work is really needed by any company or organization. With work experience someone can make an organization improve and advance it. With the experience needed by the organization, work is very easy to do. Accountability and transparency are things that are always related, because the implementation of accountability requires transparency. The Democratic government according to the existence of openness from the manager of state finances to the public. Therefore, accountability is needed in the management of state finances. In order for financial management to be accountable, openness (transparency) is needed. The problem of accountability and transparency is one of the problems in the implementation of local government which until now continues to be studied by the government.

Competence is the basic foundation of people's characteristics and indicates a way of behaving or thinking, equalizing situations and supporting for a long period of time (Spancer, 2003). Competence can deepen and broaden one's work abilities. The more often someone does the same job, the more skilled and faster he gets the job done. The more kind of work a person does, the richer and wider his work experience and the increase in his performance will also increase (Simanjuntak, 2005). According to the Decree of the Head of the State Civil Service Agency of the Republic of Indonesia Number 43 of 2001 concerning Employee Competency Standards, competence is the abilities and characteristics that must be possessed by a Civil Servant in the form of knowledge, expertise,

Audit quality is all possibilities (probability) where the auditor when auditing the client's financial statements can find violations that occur in the client's accounting system and report them in the audited financial statements, where in carrying out their duties the auditor is guided by auditing standards and the relevant public accountant code of ethics.

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

Research conducted by Nataline (2007), shows that there is a positive effect of work experience on audit quality. According to Tarigan (1994: 3-4) writing is a language skill that is used to communicate indirectly or without face to face with other people. Writing is also a productive and expressive activity, namely in writing activities, a writer must be skilled at utilizing graphology, language structure, and vocabulary.

The phenomenon that occurs at the Regional Inspectorate of Binjai City is the lack of experience of the government in carrying out audits so that it makes the organization feel dissatisfied with employee performance and the poor quality of internal audits so that problems can be missed with employees who should be audited in detail employees also do not have sufficient competence. good for correcting organizational mistakes well.

LITERATURE REVIEW

Work experience

According to Manullang (2013), experience is important in the employee selection process. From work experience, it can be known what will be done by prospective employees. Experience can show what a prospective employee can do when he applies. Skills and experience are two qualifications that are always considered in the employee selection process. Basically, companies tend to choose experienced workers. Handoko (2013) stated that work experience is knowledge or skills that are known and mastered by someone as a result of actions or work that has been done for a certain time.

Work Experience Indicator

Handoko (2013) states work experience indicators as a means to analyze and encourage efficiency in carrying out work tasks.

1. The movement is steady and smooth. Every experienced employee will make steady movements at work without any doubts.
2. Quicker response to signs Meaning signs such as work accidents.
3. Work quietly. An experienced employee will have considerable self-confidence.

Competence

Literally, competence comes from the word competence which means skill, ability, and authority. As for etymology, competence is defined as a behavioral dimension of expertise or superiority of a leader or staff having good skills, knowledge, and behavior. According to Sutrisno (2016) "competence is an ability that is based on skills and knowledge supported by work attitudes and their application in carrying out tasks and work that refers to the specified work requirements". According to Wibowo (2016) "Competence is the ability to carry out or perform a job and task that is based on skills and knowledge and is supported by the work attitude demanded by the job."

Competency Indicator

According to Sutrisno (2016) competency indicators are as follows:

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

1. Motives are something where a person consistently thinks so he takes action. For example, people who have achievement motivation consistently develop goals that challenge themselves and take full responsibility for achieving these goals and expect feedback to improve themselves.
2. Characteristics (traits) are traits that make people behave or how a person responds to something in a certain way. For example, self-confidence, self-control, stress or fortitude.
3. Self-concept is the attitude and values that a person has. Attitudes and values are measured through tests on respondents to find out what values a person has. For example, someone who is considered to be a leader must have leadership behavior so that a test of leadership ability is needed.
4. Knowledge (knowledge) is the information that a person has for a particular field. Knowledge is a complex competency.
5. Skills is the ability to carry out a particular task both physically and mentally.

Audit Quality

The Role of Audit Quality Audit quality should be related to the work of the auditor so that only on the basis of the quality of work is the audit quality measured. Quality will not be the same in every accounting firm, especially between offices with significantly different sizes. The audit quality that can be provided by a large international office with an office that is only on a local or regional scale will definitely be different. The quality of an auditor who has experience in auditing in an industry will indeed be different from an auditor who has no experience in auditing in that industry. However, this does not mean that audit quality or auditor quality can be measured by the size of the accounting firm or the specialization of the accounting firm.

Audit Quality Indicators

The indicators according to the Public Accountant Professional Standards (SPAP) (2001) auditing standards from the auditing process which are divided into 3 (three) generally accepted sections are as follows:

1. General standard
   a. Audits must be carried out by people who have attended training and have adequate technical skills as an auditor. The auditor must maintain an independent mental attitude in all matters related to the audit.
   b. The auditor must apply professional skills in carrying out the audit and preparing the report.
2. Fieldwork standards
   a. The auditor must adequately plan the work and supervise all assistants as appropriate.
   b. The auditor must obtain a sufficient understanding of the entity and its environment, including internal control, to assess the risks of material misstatement of the financial statements due to error or fraud, and to design the nature, timing, and extent of further audit procedures.

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

c. The auditor must obtain sufficient appropriate audit evidence by performing audit procedures to have a reasonable basis for forming an opinion regarding the financial statements being audited.

3. Reporting standards
   a. The auditor must state in the auditor's report whether the financial statements have been presented in accordance with generally accepted accounting principles.
   b. The auditor must identify in the auditor's report circumstances where these principles were not consistently followed during the current period when compared to prior periods.
   c. If the auditor determines that informative disclosures are inadequate, the auditor must state this in the auditor's report.
   d. The auditor must express an opinion regarding the financial statements, taken as a whole, or express an opinion that cannot be expressed, in the auditor's report.

METHOD

The type of research used is quantitative associative, namely research that aims to determine the relationship between two or more variables (Sugiyono, 2013). This research was conducted at the Inspectorate Office Jln. Veteran no. 2 Binjai. In this study, the exogenous variable is work experience (X) while the endogenous variable is audit quality (Y) and the intervening variable is competency (Z). The time of this research was carried out from March 2023 to July 2023. According to the opinion of several experts, one of them according to (Sugiyono, 2013), the population is a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then it is concluded that the population used is 79 employees.

Data analysis technique

Data analysis in this study used Partial Least Square (PLS)-based Structural Equation Modeling (SEM) using SmartPLS 3.3.3 software which was run on computer media. According to (Gozali, 2013) Partial Least Square (PLS) is a fairly strong analytical method. because it is not based on many assumptions. The data also does not have to be normally distributed multivariate (indicators with categorical, ordinal, interval to ratio scales can be used in the same model), the sample does not have to be large.

Measurement Model (Outer Model)

The procedure for testing the measurement model consists of a validity test and a reliability test.

1. Validity Test

The validity test is used to assess whether or not a questionnaire is valid. A questionnaire is said to be valid if the questionnaire questions are able to reveal something that is measured by the questionnaire. Validity testing is applied to all question items in each variable. There are several stages of testing that will be carried out, namely through convergent validity and discriminant validity tests.

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

2. Reliability Test

In general, reliability is defined as a series of tests to assess the reliability of statement items. The reliability test is used to measure the consistency of measuring instruments in measuring a concept or measuring the consistency of respondents in answering statement items in questionnaires or research instruments. To measure the level of reliability of research variables in PLS, you can use the value of the alpha coefficient or Cronbach's alpha and composite reliability). Cronbach's alpha value is suggested to be greater than 0.7 and composite reliability is also suggested to be greater than 0.7. (Now, 2014)

Structural Model (Inner Model)

This test was conducted to determine the relationship between exogenous and endogenous constructs which has become a hypothesis in this study (Hair et al., 2017). To produce inner model test values, steps in SmartPLS are carried out using the bootstrapping method. The structural model is evaluated using the R-square for the dependent variable, the Stone-Geisser Q-square test for predictive elevation and the t test and the significance of the structural path parameter coefficients with the following explanation:

1. Coefficient of Determination / R Square (R2)

In assessing the model with PLS begins by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation in regression. Changes in the R-square value can be used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect (Ghozali, 2012). The value of R2 is generally between 0 and 1.

2. Predictive Relevance (Q2)

This test is used to measure how well the observed values are generated by the model and also the parameter estimates. If the Q2 value is greater than 0, it indicates that the model has predictive relevance, which means it has a good observation value, whereas if the value is less than 0, it indicates that the model does not have predictive relevance (Ghozali, 2014).

3. t-Statistics

at this stage it is used for hypothesis testing, namely, to determine the significance of the relationship between variables in research using the bootstrapping method. In the full Structural Equation Modeling model besides confirming the theory, it also explains whether or not there is a relationship between latent variables (Ghozali, 2012). The hypothesis is said to be accepted if the t statistic value is greater than the t table. According to (Latan and Ghozali, 2012) the criteria for the t table value are as follows:

- Value 1.96 with a significance level of 5%

4. Path Coefficient (Path Coefficient)

This test is used to determine the direction of the relationship between variables (positive/negative). If the value is 0 to 1, then the direction of the relationship between

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

variables is positive. Meanwhile, if the value is 0 to -1, then the direction of the relationship between variables is declared negative.

5. Model Fit

This test is used to determine the level of suitability (fit) of the research model with the ideal model for this study, by looking at the NFI value in the program. If the value is closer to 1, the better (good fit).

RESULTS AND DISCUSSION

Outer Model Analysis

Testing the measurement model (outer model) is used to determine the specification of the relationship between latent variables and their manifest variables, this test includes convergent validity, discriminant validity and reliability.

1. Convergent Validity

Convergent validity of the measurement model with reflexive indicators can be seen from the correlation between the score of the item/indicator and the score of the construct. An indicator that has an individual correlation value greater than 0.7 is considered valid but at the research development stage. Indicator values of 0.5 and 0.6 are still acceptable. Based on the results for outer loading, it shows that there is an indicator that has a loading below 0.60 and is not significant. The structural model in this study is shown in the following figure:

Figure 1. Oder Model

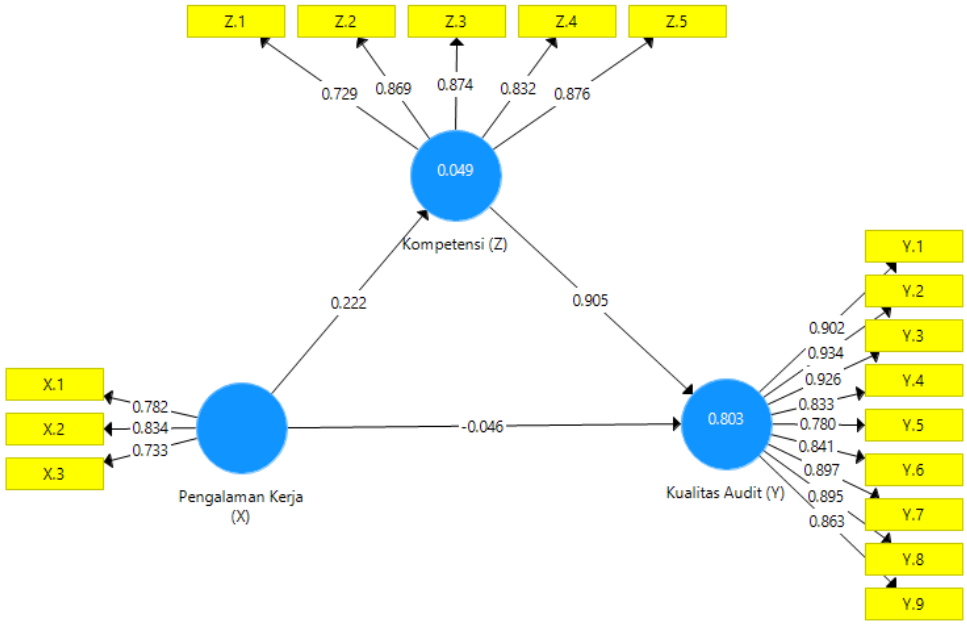

Figure 1. Outer Model
Source: Smart PLS 3.3.3

The Smart PLS output for the loading factor gives the results in the following table: Outer Loadings.

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

Table 1. Outer Loadings

	Competency (Z)	Audit Quality (Y)	Work Experience (X)
X.1			0.782
X.2			0.834
X.3			0.733
Y. 1		0.902	
Y.2		0.934	
Y.3		0.926	
Y.4		0.833	
Y.5		0.780	
Y.6		0.841	
Y.7		0.897	
Y. 8		0.895	
Y.9		0.863	
Z. 1	0.729		
Z. 2	0.869		
Z. 3	0.874		
Z. 4	0.832		
Z. 5	0.876		

Source: Smart PLS 3.3.3

It can be seen in table 1 above that the validity of a loading factor is when the indicator value is greater than 0.7. With this explanation, it can be seen that all indicators are greater than 0.7 so that it can be stated that all construct indicators are valid and can continue further research.

In this study there are equations, and the equation consists of two substructures for substructure 1.

$Z = b1X + e1$

$Z = 0.222 + e1$

For substructure 2

$Y = b2X + b3Z + e2$

$Y = 0.905 – 0.046 + e2$

2. Discriminatory Validity

The next test is to test discriminant validity. This test aims to determine whether a reflective indicator is a good measurement for the construct based on the principle that the indicator has a high correlation with the construct. The table shows the results of cross loading from discriminant validity testing as follows:

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

Table 2. Discriminant Validity

	Competency (Z)	Audit Quality (Y)	Work Experience (X)
X.1	0.190	0.167	0.782
X.2	0.187	0.124	**0.834**
X.3	0.126	0.024	0.733
Y. 1	0.891	0.902	0.229
Y.2	0.844	0.934	0.161
Y.3	0.778	0.926	0.139
Y.4	0.735	0.833	0.058
Y.5	0.645	0.780	0.273
Y.6	0.730	0.841	0.005
Y.7	0.824	0.897	0.102
Y. 8	0.825	**0.895**	0.122
Y.9	0.744	0.863	0.136
Z. 1	0.729	0.652	0.061
Z. 2	0.869	0.780	0.226
Z. 3	0.874	0.801	0.288
Z. 4	0.832	0.744	0.155
Z. 5	**0.876**	0.760	0.171

Source: Smart PLS 3.3.3

Based on table 2 above the cross loading of the work experience variable is greater than the other variables, the cross loading of the Audit Quality variable is greater than the other variables and the cross loading of the competency variable is greater than the other variables meaning that all construct indicators and variables are considered valid in a Discriminant Validity.

3. composite reliability

The next test determines the reliable value with the composite reliability of the indicator block that measures the construct. A construct value is said to be reliable if the composite reliability value is above 0.60. In addition to looking at the composite reliability value, the reliable value can be seen in the value of the construct variable with cronbachs alpha from the indicator block that measures the construct. A construct is declared reliable if the Cronbachs alpha value is above 0.7. The following is a table of loading values for the research variable construct resulting from running the Smart PLS program in the next table:

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Competency (Z)	**0.892**	**0.921**	**0.702**
Audit Quality (Y)	**0.962**	**0.967**	**0.767**
Work Experience (X)	**0.705**	**0.827**	**0.615**

Source: Smart PLS 3.3.3

It can be seen in table 3 above that the Cronbachs alpha calculation is considered reliable because the construct value is greater than 0.7 for each variable. In the composite reliability calculation, there is a construct value greater than 0.6. This is also considered reliable, meaning that all construct variables are considered reliable at composite reliability column. Another method for testing discriminant validity is by looking at the AVE value and the square root of the AVE, provided that each construct has a greater correlation than the correlation between other constructs. Before looking at the correlation, the AVE value is said to be valid if it is greater than 0.7.

Inner Model Analysis

Evaluation of the structural model (inner model) is carried out to ensure that the structural model built is robust and accurate. The stages of analysis carried out in the evaluation of the structural model are seen from several indicators, namely:

1. Coefficient of Determination (R2)

Based on the data processing that has been done using the SmartPLS 3.0 program, the R Square value is obtained as follows:

Table 4. Results of R Square

	R Square	Adjusted R Square
Competency (Z)	0.049	0.037
Audit Quality (Y)	0.803	0.798

Source: Smart PLS 3.3.3

Based on table 4 above, the R square value for the competency R square value is 0.049 and in the form of a percentage of 04.9% and the remaining 95.1%, which means that the R square value is due to the influence of work experience and competence of 4.9%. and the rest is in other variables. The Rsquare value for the Audit Quality variable is 0.803 and in the form of a percentage is 80.3%, which means that this value is due to the influence of work experience on audit quality of 80.3% and the remaining 19.7% is in other variables.

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

2. Assessment of Goodness of Fit (GoF)

The goodness of fit model test can be seen from the NFI value ≥ 0.697 which is declared fit. Based on the data processing that has been done using the SmartPLS 3.3 program, the Fit Model values are obtained as follows:

Table 5. Model Fit

	Saturated Model	Estimation Models
SRMR	0.070	0.070
d_ULS	0.746	0.746
d_G	0.657	0.657
Chi-Square	259,471	259,471
NFIs	0.807	0.807

Source: Smart PLS 3.3.3

The results of the goodness of fit test for the PLS model are in table 5. The following shows that the NFI value of 0.807 means FIT. Thus, from these results it can be concluded that the model in this study already has a high goodness of fit and is suitable for testing the research hypothesis.

3. Hypothesis Testing

After assessing the inner model, the next thing is to evaluate the relationship between latent constructs as hypothesized in this study. Hypothesis testing in this study was carried out by looking at the T-Statistics and P-Values. The hypothesis is declared accepted if the T-Statistics value is > 1.96 and the P-Values are <0.05. The following are the results of the Path Coefficients of direct influence:

Table 6. Path Coefficients (Direct Effects)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
Competence (Z) -> Audit Quality (Y)	0.905	36,181	**0.000**	**Accepted**
Work Experience (X) -> Competency (Z)	0.222	1,645	**0.101**	**Rejected**
Work Experience (X) -> Audit Quality (Y)	-0.046	0.766	**0.444**	**Rejected**

Source: Smart PLS 3.3.3

Eka Edi Saputra[1], Kiki Farida Ferine[2]
DOI: https://doi.org/10.54443/sibatik.v2i9.1303

Based on the table above, it shows that competence has a significant positive effect on audit quality with an original sample of 0.905 and P values of 0.000 <0.05, which means that only people with high competence will carry out a quality and good audit. Work experience has an insignificant positive effect with an original sample value of 0.222 and P values 0.101 > 0.05 meaning that work experience will increase the competence of each employee but not necessarily work experience will always increase competence because work experience is not always good sometimes there is bad work experience so experience work may not necessarily be able to create employee competence. Work experience has a positive and not significant effect with the original sample value -0.046 and P values 0.444 > 0.

Table 7. Path Coefficients (Indirect Effects)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
Work Experience (X) -> Competency (Z) -> Audit Quality (Y)	0.201	1.635	**0.103**	**Rejected**

Source: Smart PLS 3.3.3

Based on the table above, work experience has a positive and insignificant effect on Audit Quality through Competence with an original sample of 0.201 and a P value of 0.103 meaning that Competence is not an intervening variable but is an independent or dependent variable in this case experience has an effect on performance but if work experience is different from the field then experience work is only useful as a mental reinforcement to adapt.

CLOSING

Conclusion

Based on the results of the research that has been done and the analysis of the data as described in the previous chapter, the following conclusions are drawn from the results of the research as follows:

1. Competence has a positive and significant effect on Audit Quality.
2. Work Experience has no significant positive effect on competence.
3. Work Experience has no significant negative effect on Audit Quality.
4. Work Experience has a positive and insignificant effect on Audit Quality through Competence.

Suggestion

1. Organizations should seek to recruit someone who is a prospective employee who is experienced in working both in his field and outside his field so that he can become a reference for other employees.

2. The organization must also see which employees are competent and which are not by conducting training every month.
3. To get quality auditors and audits, organizations must look for competent, honest and experienced employees.

REFERENCES

Basa, Y. D. M., & Indrawan, M. I. (2023). The Influence of Organizational Culture and Motivation on Performance with Competence as an Intervening Variable in the Financial Management Agency Regional Income and Assets of Binjai City. SINOMIKA Journal: Publikasi Ilmiah Bidang Ekonomi dan Akuntansi, 2(2), 297-312.

Ghozali, Imam. 2013. Aplikasi Analisis Multivariate dengan Program IBM SPSS. Yogyakarta: Universitas Diponegoro

Handoko, T. Hani. 2013. Manajemen Personalia dan Sumber Daya Manusia Edisi kedua. Yogyakarta: BPFE.

Hair, J. F. et. al. 2017. A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). SAGE Publications, Los Angeles

Kahar, A. F., & Indrawan, I. (2023). The Effect of Presenteeism on Employee Performance with Quality of Work as an Intervening Variable in North Binjai District. International Journal of Economics, Management and Accounting, 1(2), 35-46.

Manullang, 2013. Dasar-dasar Manajemen Bagi Pimpinan Perusahaan. Jakarta. Gajah Mada Press.

Sekaran, Uma. 2014. Metodologi Penelitian Untuk Bisnis (Research Methods for Business) Buku 1 Edisi 4. Jakarta: Salemba Empat.

SPAP. 2001. Standar Profesional Akuntan Publik. Jakarta: Selemba Empat.

Sutrisno, Edy. 2016. Manajemen Sumber Daya Manusia. Cetakan Kedelapan. Jakarta: Prenadamedia Group.

Sugiyono. (2013). Metode Penelitian Kuantitatif, Kualitatif dan R&D. Bandung: Alfabeta.CV

Wibowo, 2016. Manajemen Kinerja, Edisi Kelima, PT. Rajagrafindo Persada Jakarta-14240.