

Effect of Auditor Quality, Good Corporate Governance and Organization Culture on Auditor Performance

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Abstract:- This study aimed to investigate the effects of audit quality, good corporate governance and organization culture on auditor performance in Public Accounting Firms in Indonesia. Data were collected from 100 auditor in public accounting firms in East Java through a questionnaire survey. Structural Equation Modelling is conducted to examine the relationships. The finding indicate that audit quality, good corporate governance positively influence on auditor performance. The results also indicate a positive relationship between organization culture and auditor performance. To increase the generalisability of this study, future research needs to collect data from a different set of population or country. This will help to expand on the database of the public accounting firm businesses.

Keywords:- Auditor Quality, Good Corporate Governance, Organization Culture, Auditor Performance.

I. INTRODUCTION

Auditor performance is the result of the action or the implementation of audit tasks that have been completed by the auditor in a certain period, starting from planning the audit, conducting tests, and auditing. Auditor performance is defined as a public accountant who objectively examines the financial statements of a company or other organizations to determine whether the financial statements fairly present the accounting principles. In all material respects, financial position and business results of a company follow the predetermined work standards, namely the Public Accountant Professional Standards. The auditor performance can be measured by the results of the audit that has been carried and shows the rupiah generated in a certain period. High audit quality is expected to produce high performance or results too.

Nowadays, there are many legal cases involving accounting manipulation. These accounting manipulation scandals carried out by internal and external accountants have involved a number of large companies in America, such as Enron, Tyco, Global Crossing, and Worldcom, and several large companies in Indonesia, such as Kimia Farma, and Lippo Bank, which were previously known to have a high audit quality

The emergence of these cases (which involved the CEO, the audit commission, the audit committee, internal and external auditors, and public accountants) and the

experience of Enron were enough to demonstrate that fraud is mostly committed by insiders. The disclosure of these scandals caused a decline in public trust, especially in the financial community, towards the reputation of the auditors. However, external auditors need to be responsible for the spread of cases of accounting manipulation.

In terms of auditing, the auditors must build trust with the service user, for example, through independence to provide services, professional skills, supervision, assessing the internal control system, collecting highly competent audit evidence, applying the applicable accounting principles consistently, full disclosure, and expressing an opinion on the fairness of financial statements (SPAP, 2001: 150.1).

Several cases of violations committed by auditors were influenced by the personal characteristics of the accountants, audit experience, the independence of public accountants, the application of ethics, the quality of the auditor, and the violation of SPAP. Examples include the cases of Muzatek, KAI, BRI for bad credit, KPMG Sidharta, Malinda Dee City Bank, KAP Anderson, Bank Lippo, Worldcom, and the violation of ethics in a medical device corruption case.

Veena and Neely (2016) proved that there is an influence of auditor and audit processes on the audit quality. Besides, (Abidin, 2018) revealed that audit quality and corporate governance have an influence on auditor performance. Arifin et al. (2013) said that organizational culture has no influence on auditor performance. A violation of audit quality might be caused by the lack of competency in the accounting field. For that reason, this study raises the title of the empirical study of audit quality, good governance, and organizational culture on auditor performance.

II. LITERATURE REVIEW

➤ *A Conceptual Framework and Hypotheses Development*

The objective of this research was to examine the influence of audit quality and good corporate governance on auditor performance mediated by organizational culture in the context of a public accounting firm. The research subjects were partner/manager/supervisor working in a public accounting firm in Indonesia stipulated in a concept so that the concept is defined as a paradigm explaining the relationship between variables. Auditor quality consists of several standards; a professional competence and

proficiency, independence, expertise and technical training, the well-planned work and supervised assistants, an understanding of the internal control system, an evidence of competency in audits, and audit stating that the client's financial statements have been prepared under the financial accounting standards applied consistently with the previous year, full disclosure, and expressing an opinion on the fairness of financial statements. Neely (2017) examined the auditor quality by proposing 28 audit's quality indicator consisting of 3 dimensions; audit professionals, audit processes, and audit results. Neely's research found that the identification of audit quality aimed to support the goals of public accounting firms in improving auditor performance and the reputation of the public accounting firm itself.

Ibrahim, Fatima, Htay (2006) examined the effect of governance and performance of a comparative study between Sharia and Non-Sharia approach on the Malaysian Stock Exchange with 50 companies. The results showed that governance has a significant influence on auditor performance. Trisnarningsih (2005) observed the effect of good corporate governance on auditor performance on 150 public accounting firms in East Java. The results showed that good corporate governance had no significant effect on auditor performance.

Salin (2008) investigated the relationship between good corporate governance and auditor performance on the Malaysian stock exchange with the results that corporate governance had a significant effect on auditor performance. Since the crisis in Hong Kong, Singapore, Malaysia Sawicki 2009, and Mitton 2002, Manan et al. (2013) have improved corporate governance, such as transparency, fairness, and accountability of financial data to improve auditor quality and auditor performance.

Khan (2017) and Hofstede (2011) analyzed the relationship between organizational culture and organizational performance through attitudes, norms, values, strong coordination and integration rules, organizational structure climate, control systems, experience, innovation, bureaucracy, and communication. Quality checks consist of several aspects or points of auditing standards; the expertise and adequate technical training, an independent mental attitude, auditing professionally, well-planned audit and supervised assistant staff, an understanding of the company's internal control, sufficient competent evidence to audit (inspections, observations, confirmations, and information requests from clients) to provide fairness opinions on the client's financial statements, auditor must state that the client's financial statements have been prepared under the financial accounting standards, all information that supports the financial statements has been explained or adequately disclosed, and the opinion which states that the financial statements have been presented fairly following the accounting standards finance. Due to the organizational culture states that good values, beliefs, and norms are jointly owned by members of the public accounting office organization, so that good performance and a good reputation will be achieved.

Auditor performance is measured by education, expertise, and mission in the workplace (Casio, 2006). Organizational performance is the organizational skills to aim for efficiency and effectiveness by using resources (Daft, 2000). Organizational performance can be measured by non-financial and financial aspects such as customer links, quality, quantity, and timeliness (Kaplan and Norton, 2001). Therefore, there is a relationship between audit quality, auditor performance, and organizational culture.

Denison (1984) examined 34 companies in America for 5 years, while Kotter and Heskett (1992) investigated the relationship between good governance and organizational performance for 200 companies through a strong culture. Lim (1995) stated that there was a relationship between culture and performance. Practitioners and academics suggest that organizational performance depends on the degree of overall cultural value (Denison 1990). There is an element of fairness from the public accounting firm in giving opinions regarding the fairness of the client's financial statements, the auditor must be independent and uphold justice towards the client's interests, users of financial statements, and the interests of the public accountant itself. A public accountant must transparently show all matters related to the field audit or payroll system and give opinions on the fairness of financial statements and other management. Accountability and responsibility require the auditor to record and report to clients by making an independent auditor's report to be given to the client and then forwarded to the users of audited financial reports such as investors, creditors, governments, communities, academics and suppliers, and customers. Auditor culture becomes a positive force in achieving effective organizational achievements containing values, norms, beliefs, ideology, expectations shared by members of the organization to shape individual/group behavior, strength, avoiding uncertainty, oriented to short-term and long-term goals.

Mahoney et al 1963 stated that organizational performance includes planning, investigation, staff selection, coordination, direction, negotiation, representation, control, and evaluation. This will affect auditor performance in carrying out the assignment so that there is a positive relationship between good corporate governance and auditor performance through the auditor culture.

Based on the description above, we can discuss the conceptual research that describes the relationship of influence among variables, as explained in Figure 1.

➤ *Hypotheses Development is as Follows*

- H1: Audit quality has a positive influence on organizational culture
- H2: Good corporate governance has a positive influence on organizational culture
- H3: Audit quality has a positive influence on auditor performance
- H4: Good corporate governance has a positive influence on auditor performance

H5: Organizational culture has a positive influence on auditor performance.

➤ Auditor Performance

Auditor performance results from auditors completing their tasks over a certain period of time. It involves audit planning, tests administration, auditing, and reporting.

According to Mulyadi (1998: 11), auditor performance was the performance of the public accountant in examining the financial statements of a company or other organization. In carrying out the audit tasks, the auditor needs to determine whether the financial statements, the financial position, and the business results of a company are in accordance with the Public Accountant Professional Standards (PAPS). The auditor performance can be measured by the audit results that show rupiah in a certain period of time. High audit quality is expected to produce high performance or results. Kalbers and Forgarty (1995) suggested that auditor performance is an evaluation of work carried out by superiors, coworkers, auditors themselves, and direct subordinates. Work performance is achieved by an employee when he/she carries out tasks assigned to him/her based on skills, experience, and time sincerity, and it is measured by considering the quantity, quality, and timeliness.

➤ Auditor Quality

DeAngelo (1981) stated that audit quality is the probability of the auditor finding errors in the client's financial statements and reporting them to the user of the financial statements. Auditor quality is a very difficult factor to measure directly, so some researchers use certain measures as an instrument, for example, the size of a public accounting firm.

DeFond (1992), and Reed, Trombley, and Dhaliwal (2002) in Maharani (2012) stated that the large public accounting firms generally have a higher independence level, better industry expertise, and ownership to find and report irregularities and misstatements in the company's financial report.

Auditor quality is defined as the quality of the auditor performance in providing a service to his/her clients. Auditor performance will be qualified if the auditor obeys the professional standards of public accountants, adheres to the Indonesian accountant's code of ethics, and conducts peer review. Based on professional standards of public accounting, the services provided by the auditor are assurance, attestation, and non-assurance services. The assurance service is an independent professional service of public accounting firms consisting of attestation services to improve the quality of information for consideration by decision makers. Attestation services by the public accounting profession involve audit services, inspection services for prospective financial reports, analytical reviews and procedures, mutually agreed procedures, special audit services, or special checks to find fraud. Non-assurance services exclude opinion giving services on the fairness of financial statements. Examples of non-assurance services

include compilation services (recording services for the preparation of financial statements), tax services (income tax return filing services, tax planning) and consulting services (reviews and comments on client business plans, professional advice, etc.).

Mulyadi (2002) argued that the auditor is qualified if his/her performance is according to the auditing standards. Auditing standards govern the auditor's requirements, fieldwork, and the preparation of audit reports.

Auditing standards (Soekrisno, 2014) consist of ten standards and all applicable Statements of Auditing Standards (PSAs). The ten auditing standards are divided into 3 groups: (1) general standards, (2) fieldwork standards, and (3) reporting standards. General standards govern the auditor's requirements, fieldwork standards regulate the quality of auditing, and reporting standards provide guidance for auditors in communicating audit results to the client.

Carcello, Hermanson and McGrath (1992) tried to summarize audit standards in thirteen attributes: (1) experienced, (2) understanding the client's industry, (3) responsive to the client's needs, (4) having technical competence in applying audit standards, (5) independence, (6) being cautious, (7) having a strong commitment to quality, (8) involving colleagues/managers in audit assignments, (9) carrying out audit reports properly, (10) interacting with the client's audit committees, (11) having high ethical standards and knowledge of accounting and auditing, (12) being skeptical in audit assignments, and (13) peer reviewing by colleagues or third parties.

Behn, Carcello, and Hermanson (1997) found that the following audit attributes had a significant and positive effect on audit client satisfaction: experience of conducting audits, understanding the industry, being responsive to client needs, adherence to audit standards, the involvement of PAF partners/managers, and relationships with audit committees.

In addition, Deis and Giroux (1992) also conducted a study of matters related to audit quality: (1) the duration of the auditor's audit of a company (tenure); the longer the auditor audits the same client, the higher the quality will be, (2) the number of clients; the bigger the number of clients, the better the quality, (3) the financial health of the client; the healthier the client's financial condition, the bigger the chance of them following the standards, and (4) a review by a third party; audit quality will increase if the auditor knows that the work will be reviewed by a third party.

According to Neely (2016), there are 28 indicators of auditor quality divided into three groups: (1) professional auditor, (2) audit process, and (3) audit results. Professional auditor includes staffing leverage, partner workload, manager and staff workload, technical accounting, auditing resources, people with specialist skills and knowledge, experience and personnel audit, industry expertise

personnel audits, personnel audit turnover, the number of audit cases, training hours per personnel audit, audit hours and area risk, and allocation of audit hours for the audit phase. Audit process includes the results of independent surveys of company personnel, rating and compensation quality, audit fees, business, client risk, compliance with independent needs, investment in supporting the quality of auditing infrastructure, the results of company internal audit quality reviews, and the inspection of results and compensation testing techniques. Audit results include the frequency and impact of the restatement of financial statements for errors, fraud and other misconduct infinancial statements, measuring the quality of financial statements, reporting internal controls, the time of going concern reporting, the results of independent surveys of committee members, and private litigation proceedings. In our study, we used the auditor's competence and independence to measure audit quality.

➤ *Good Corporate Governance*

Good governance can create a better decision-making process, improve the operational efficiency of the company, and further improve services to its stakeholders. Kapler and Love (2002) found a relationship between corporate governance and company performance measured using Return on Assets (ROA). Another important finding is that the implementation of good governance at higher levels has been more useful in developing countries compared with developed countries. This shows that a company which applies good governance will get greater benefits, especially for those companies in a country with low law enforcement. Machfoedz (2006) found that audit committees had a significant positive effect on earnings quality, and earnings quality had a significant effect on company performance. Trisnaningsih (2007) stated that good governance did not significantly influence auditor performance.

The basic principles of the concept of good governance in PAFs include:

- Fairness : public accountants, in giving opinions regarding the fairness of the financial statements, must be independent and uphold justice in the interests of clients, the users of financial statements, and the interests of the public accountant him/herself.
- Transparency : public accountants should strive to always be transparent with financial statement information obtained from their clients.
- Accountability : public accountants must explain their roles and responsibilities in auditing and be disciplined in completing their auditing and reporting.
- Responsibility : public accountants must adhere to the generally accepted accounting principles and professional standards of public accountants.

Independence : public accountants must be independent, impartial, and not easily influenced by others in carrying out their profession.

In our study, we used accountability and responsibility to measure good corporate governance.

➤ *Organizational Culture*

Gibson et al. (1996: 42) defined organizational culture as a system of values, beliefs, and unique norms shared by members of an organization. Organizational culture can have positive and negative effects on effective organizational performance.

Kotter and Heskett (1992) stated that organizational culture is a value shared by members of the organization that tends to shape group behavior. Organizational cultural values tend to be invisible and so difficult to change. Visible norms of group behavior are illustrated in the behavior patterns, and organizational styles can change. Hellriegel et al. (1989: 302) defined organizational culture as a combination or integration of philosophy, ideology, values, beliefs, assumptions, expectations, attitudes, and norms. Hofstede (1994: 4) stated that organizational culture is a pattern of thought, feeling, and action of a social group which distinguishes it from other social groups. Siagian (2002: 200) proposed that organizational culture is one of the important variables for a leader because organizational culture reflects values and becomes a guideline for members of the organization.

Hofstede (2010) investigated the effect of organizational culture on organizational performance with six outcome indicators and showed that organizational culture had a significant and positive effect on organizational performance. The six organizational culture dimensions were power distance, individualism/collectivism, uncertainty avoidance, masculinity/femininity, long-term/short-term orientation, indulgence/restraint. In our study, we used the survival of the company and the togetherness of the staff to measure the organizational culture variable.

III. RESEARCH METHOD

➤ *Sample Selection and Data Collection Procedure*

The sample retrieved for this study is 100 auditor from 24 public accounting firms in East Java Indonesia. They include HJA public accounting firm, Doli BSDA public accounting firm, Supriyadi public accounting firm, Nasikin public accounting firm, MTD public accounting firm, Toufan SR public accounting firm, Achsin public accounting firm, Benny public accounting firm, Sendi Cahyadi public accounting firm, Drs. Arief HP public accounting firm, Buntaran & Lisawati public accounting firm, Maroeto public accounting firm, Thomas public accounting firm, Basri public accounting firm, Setijawati public accounting firm. In this study data are collected by using a mail survey questionnaire. The informants for this study are partner, manager, supervisor, senior accountant

and junior accountant for the public accounting firms. Of the 125 questionnaires mailed out, 100 were received, indicating response rate of 80 per cent.

➤ Measures

All the constructs are measured using a 5-point Likert scale (1= strongly disagree, 2= disagree, 3= quite agree, 4= agree, 5 =strongly agree). Measurements of these constructs are adapted from existing literature. Table 1 presents the measurements of all the variables in this study.

Data source of this study used primary data and collected by documentation from 24 PAFs in East Java. Data processing methods and analysis used structural equation modeling (SEM). We conducted validity and reliability tests, a classic assumption test, and an Structural Equation Modelling test.

IV. ANALYSIS AND DISCUSSION OF FINDINGS

Table 2 shows the results for the validity and reliability tests. It can be seen that all loading factor values were ≥ 0.50 (valid), and all values of AVE were ≥ 0.50 (valid). It was concluded that the validity of all manifest variables on the latent variable were good. The results of reliability calculations showed that all values of construct reliability (CR) were ≥ 0.70 (reliable), so all latent variables had good reliability.

The SEM test ensures that the data is free from multicollinearity, outliers, and has a normal distribution. The model used in the SEM test is shown in Figure 2.

The SEM equations found were:

$$\text{Organizational Culture (Y1)} = 0.45 \text{ Auditor Quality (X1)} + 0.42 \text{GCG (X2)} + Z_1$$

$$\text{Auditor Performance (Y2)} = 0.29 \text{ Auditor Quality (X1)} + 0.35 \text{GCG (X2)} + 0.39$$

$$\text{Organizational Culture (Y1)} + Z_2 \text{ where GCG is Good Corporate Governance and } Z_1 \text{ is and } Z_2 \text{ is}$$

The structural equations above show the relationship between exogenous latent constructs and endogenous latent constructs. It can be seen that Auditor Performance (Y2) was most influenced by Organizational Culture (Y1), while Organizational Culture (Y1) was more influenced by Auditor Quality (X1). The best indicator for Audit Quality (X1) was X1.2 (Independence) with the highest loading factor of 0.919. This means that if a decision maker wants to increase the Audit Quality (X1), the improvement of indicator X1.2 (Independence) should be prioritized.

Table 3 shows that the Chi-square/CMIN, RMSEA, GFI, TLI, and CFI values were a good fit.

➤ Structural Model

The results of hypothesis testing are shown in Table 4. It can be seen that all five hypotheses (H1–H5) were significant.

Table 5 shows the direct and indirect effect of Auditor Quality and Good Corporate Governance towards Auditor Performance mediated by Organizational Culture.

Table 5 shows that the estimation value of direct effect of Auditor Quality and Good Corporate Governance towards Auditor Performance reaches 0.29 and 0.35, respectively. Furthermore, the effect value of Auditor Quality and Good Corporate Governance towards Auditor Performance mediated by Organizational Culture is 0.84 and 0.81, respectively, thus summing up the direct effect up to 1.13 for Auditor Quality and 1.16 for Good Corporate Governance. As the total effect value is higher than the direct effect value, thus Organizational Culture serves as the intervening variable.

V. DISCUSSION

➤ The Influence of Auditor Quality on Organizational Culture

Auditor Quality had a significant and positive influence on Organizational Culture (0.451), a CR value of 2.775, and a p-value of 0.006. Because the CR value was in the range -1.96 to 1.96 and the p-value was < 0.05 , H₁ was accepted. This means that the Quality of Audit had a significant effect on Organizational Culture. This finding supports the research of Yuskar, Devisia, and Selly (2011), which found that the application of auditor quality, based on audit standards, can create a better organizational culture for public accounting firms in Indonesia.

➤ The Influence of Good Corporate Governance on Organizational Culture

Corporate Governance had a significant and positive influence on Organizational Culture (0.42), a CR value of 2.483, and a p-value of 0.013. Because the CR value was in the range 1.96 to 1.96 and the p-value was < 0.05 , H₂ was accepted. This meant that Good Corporate Governance had a significant effect on Organizational Culture. This finding supports the study by Yuskar, Devisia, and Selly (2011), which proposed that Good Corporate Governance can improve organizational culture.

➤ The Influence of Auditor Quality on Auditor Performance

Audit Quality had a significant and positive influence on Auditor Performance (0.291), a CR value of 2.116, and a p-value of 0.034. Because the CR value was in the range -1.96 to 1.96 and the p-value was < 0.05 , H₃ was accepted. This meant that the Audit Quality had a significant effect on Auditor Performance. This study supports the research conducted by Trisnarningsih (2007) and Yuskar, Devisia, and Selly (2011), which stated that audit quality can improve auditor performance.

➤ *The Influence of Good Corporate Governance on Auditor Quality*

Good Corporate Governance had a positive influence on Auditor Performance (0.347), a CR value of 2.412, and a p-value of 0.016. Because the CR value was in the range - 1.96 to 1.96 and the p-value was < 0.05, H_4 was accepted. This meant that Good Corporate Governance had a significant effect on Auditor Performance. This study supports the study by Trisnaningsih (2007) and Yuskar, Devisia, and Selly (2011), which stated that the application of good corporate governance increases auditor performance.

➤ *The Influence of Organizational Culture on Auditor Performance*

Organizational Culture had a positive influence on Auditor Performance (0.389), a CR value of 2.237, and a p-value of 0.025. Because the CR value was in the range - 1.96 to 1.96 and the p-value was < 0.05, H_5 was accepted. This meant that the Organizational Culture had a significant effect on Auditor Performance. This study supports the study by Trisnaningsih (2007) and Yuskar, Devisia, and Selly (2011), which stated that good organizational culture can improve auditor performance.

VI. CONTRIBUTION AND IMPLICATION

This study is attempted to investigate the antecedent that may influence the success of implementation of audit quality, good corporate governance and organization culture on auditor performance in public accounting firms in East Java Indonesia. With based on literature, this study has provided evidence to show that audit quality, good corporate governance and organization culture can be effectively applied in public accounting firms. There is three variables are incorporated to examine if they influence auditor performance and our findings indicate that audit quality, good corporate governance and organization culture contributed to the successful implementation of auditor performance among the public accounting firms and they effect is positively. This study to contribution to development of Auditing science in audit quality in public accounting firm in Indonesia as part of the Asian region. Indonesia has the potential to compete at the global level, especially with the integration of the ASEAN Economic Community (AEC) in 2019 in development public accounting firm. While this study has important implication on the auditor performance in a developing public accounting firm in country like Indonesia, it is not limitation.

VII. CONCLUSION

Auditor quality had a significant effect on organizational culture, and high audit quality would be able to improve the organizational culture.

Good corporate governance also had a significant effect on organizational culture. This finding indicated that accountability and responsibility in audits would improve organizational culture.

Auditor quality had a significant effect on auditor performance. To improve the auditor's performance, the auditor should increase the quality of their service by making sure that the auditing process is in accordance with the international financial reporting standards (IFRS), that financial reports are the results of accounting information systems, and that the auditors have complied with the applicable auditing standards adopted from the International Standard Auditing (ISA).

Good corporate governance had a significant effect on auditor performance. Auditors should make sure that the auditing process has implemented the elements of good corporate governance: reasonableness in conducting audits, fairness, accountability, responsibility, and independence.

Organizational culture also had a significant effect on audit performance, which shows that cooperation and future-oriented would improve the auditor performance.

The results of this study indicated that auditor quality, good corporate governance, and organizational culture can all improve auditor performance. In particular, this suggests that leaders of public accounting firms should focus on increasing employee motivation by improving employee welfare and work facilities to increase the performance of their auditors.

This research suggests that further studies should improve the models used in this study by adding variables such as code ethics and adding larger samples to gain further insight and understanding.

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Variables and Items	Sources
Audit Quality (AQ) 1. Competency 2. Independency	Neely (2016)
Good Corporate Governance (GCG) 1. Accountability (AC) 2. Responsibility (Resp)	Sheila Nu Nu (2016)
Organization Culture (OC) 1. Cooperative (Co) 2. Sustainability (Sus)	Hofstede (2010)
Auditor Performance (AP) 1. Quality (Qual) 2. Quantity (Quan)	Abdul Hamid (2016)

Table 1:- Measurement of All Variables

Latent Variable	Manifest Variable	Convergent Validity		Rank	Discriminant Validity		Construct Reliability (CR > 0.7)	
		(LF > 0.5=Valid)			(AVE > 0.5=Valid)		CR	Description
		Loading Factors	Description		AVE	Conclusion		
Audit Quality (X1)	X1.1	0.709	Valid	2	0.735	Valid	0.802	Reliable
	X1.2	0.919	Valid	1				
GCG (X2)	X2.1	0.748	Valid	2	0.671	Valid	0.766	Reliable
	X2.2	0.827	Valid	1				
Organizational Culture (Y1)	Y1.1	0.823	Valid	1	0.621	Valid	0.736	Reliable
	Y1.2	0.700	Valid	2				
Auditor performance (Y2)	Y2.1	0.891	Valid	1	0.834	Valid	0.868	Reliable
	Y2.2	0.860	Valid	2				

Table 2:- Validity and Reliability Tests – Outer Model

Goodness of Fit Index	Cut-off Value	Result	Description
Chi-Square / CMIN	Good fit Poor fit	21.47	Good fit Model
P-value CMIN	> 0.050 Good fit < 0.050 Poor fit	0.090	Good Fit Model
CMIN/DF	< 2.000 Good Fit < 3.000 Marginal Fit > 3.000 Poor Fit	1.534	Good Fit Model
RMSEA	< 0.080 Good fit < 0.100 Marginal Fit > 0.100 Poor fit	0.073	Good Fit Model
GFI	> 0.900 Good fit	0.951	Good Fit Model
AGFI	> 0.800 Marginal fit	0.873	Marginal fit Model
TLI	< 0.800 Poor fit	0.965	Good Fit Model
CFI		0.982	Good Fit Model

Table 3:- Compatibility Evaluation of the Structural Model

Variable			H	Path Coefficient	Hypothesis Testing		Conclusion
Exogenous	-->	Endogenous			CR	p-value	
Auditor Quality (X1)	-->	Organizational Culture (Y1)	H ₁	0.451	2.775	0.006	Significant
GCG (X2)	-->	Organizational Culture (Y1)	H ₂	0.42	2.483	0.013	Significant
Auditor Quality (X1)	-->	Auditor Quality (Y2)	H ₃	0.291	2.116	0.034	Significant
GCG (X2)	-->	Auditor Performance (Y2)	H ₄	0.347	2.412	0.016	Significant
Organizational Culture (Y1)	-->	Auditor Performance (Y2)	H ₅	0.389	2.237	0.025	Significant

Table 4:- Estimation and Hypothesis Testing

Exogenous Variable	Direction	Endogenous Variable	Direction	Endogenous Variable	Direct Effect	Indirect Effect	Total Effect	Add. Info.
Auditor Quality	→		→	Auditor Performance	0.29	-	-	-
GCG	→		→	Auditor Performance	0.35	-	-	-
Auditor Quality	→	Organizational Performance	→	Auditor Performance	-	0.84	1.13	intervening
GCG	→	Organizational Performance	→	Auditor Performance	-	0.81	1.16	intervening

Table 5:- Effect of Auditor Quality and Good Corporate Governance towards Auditor Performance mediated by Organizational Culture

LIST OF FIGURES

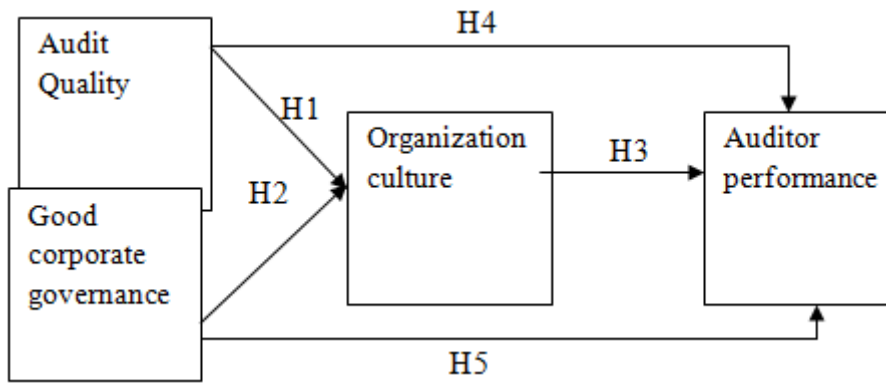


Fig 1:- Conceptual Framework Model

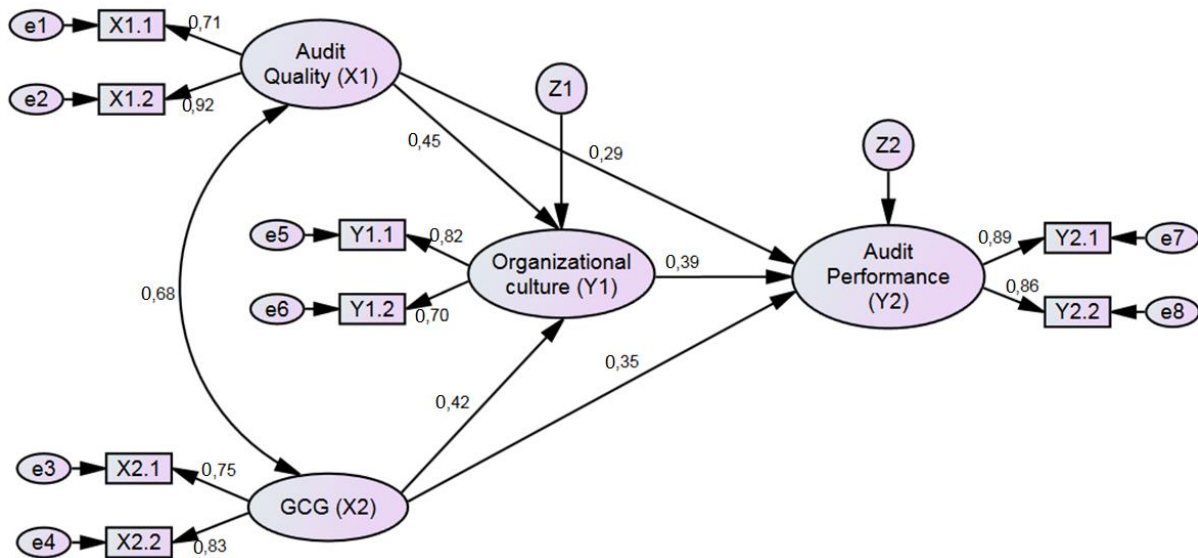


Fig 2:- Path Diagram of the Structural Equation Model (SEM)