

## IMPROVING INTERNAL AUDIT QUALITY THROUGH SELF EFFICACY AND PROFESSIONAL ETHICS WITH TOP MANAGEMENT SUPPORT AS A MODERATION VARIABLE

Tuti Dharmawati<sup>1</sup>, Asri Ady Bakri<sup>2\*</sup>, Endah Prawesti Ningrum<sup>3</sup>,  
Mahdi<sup>4</sup>, Nicholas Renaldo<sup>5</sup>

<sup>1</sup>Universitas Halu Oleo, <sup>2\*</sup>Universitas Muslim Indonesia Makassar, <sup>3</sup>Universitas Bhayangkara Jakarta

<sup>4</sup>Universitas Serambi Mekkah Banda Aceh, <sup>5</sup>Institut Binsis dan Teknologi Pelita Indonesia

Email: [asriadybakri@umi.ac.id](mailto:asriadybakri@umi.ac.id)

**Abstract:** *This research aims to empirically analyze Internal Audit Quality Improvement through Self Efficacy and Professional Ethics with Top Management Support as a Moderating Variable. The population in this study are all auditors who work for state-owned banks in the DKI Jakarta area. Sampling was carried out by using purposive sampling method and the number of samples was 82 respondents. The primary data collection method used is the questionnaire method. Data were analyzed using the Moderated Regression Analysis (MRA) technique. The research results show that 1) Self efficacy has a significant effect on audit quality, 2) Professional ethics has a significant effect on audit quality, 3) Self efficacy and professional ethics have a significant effect on audit quality, 4) Top management support moderates the relationship between self efficacy and audit quality, and 5) Top management support moderates the relationship between professional ethics and audit quality . These findings reveal that if a company wants to improve the quality of internal audits, the company must also improve self-efficacy, professional ethics and top management support.*

**Keywords:** *Internal Audit Quality, Self Efficacy, Profesional Ethics, Top Management Support*

### 1. Introduction

Internal audit is a critical process in maintaining the integrity, transparency and accountability of an organization. Internal audit quality not only has an impact on the effectiveness of internal control, but also on stakeholder trust and company reputation (Widayat, W., Sulardjaka, S., Al-Baarri, AN, & Nurjannah, 2020). It is necessary to understand the factors that affect internal audit quality in depth so that organizations can identify ways to improve them. In this context, self-efficacy and professional ethics are considered as factors that play an important role. Apart from that, top management support is also a crucial aspect in creating an environment that supports superior internal audit practices (Benu et al, 2020).

Internal audit is an independent and objective process that aims to evaluate the effectiveness of internal controls, as well as provide recommendations for improvement within an organization. Internal audit quality has a very important impact on various operational and strategic aspects of the company. Internal audit quality is very important because internal audit quality helps identify potential weaknesses in internal control that can become loopholes for fraudulent and theft activities. By ensuring a strong internal control

system, internal audit can help protect company assets from the risk of unexpected losses (Weekes Marshall, 2020).

Internal audit quality helps increase transparency in financial and operational reporting. This supports management accountability to shareholders, regulators and other external parties. Accurate and reliable information from internal audit provides a stronger basis for decision making. A quality internal audit can identify inefficient or ineffective operational processes. Recommendations provided by internal audit can help companies to improve these processes, saving time, resources and operational costs (Kabir, MR, A Sobhani, F., Mohamed, N., & Ashrafi, 2022).

Internal audit quality helps ensure that the goals and objectives of the organization are achieved effectively. By providing valuable feedback on the effectiveness of strategies and tactics, internal audits help organizations stay focused on achieving long-term goals. Effective internal audits help identify opportunities for improvement and innovation. By providing recommendations for continuous improvement, internal audit encourages organizations to continually improve their processes, operations, and strategies (Akhmetshin, 2017).

Internal audit is not only relevant for financial control, but also for evaluating the performance of the organization as a whole. This helps management measure achievement against goals, identify potential problems, and respond to environmental changes more quickly. Overall, the quality of internal audit is a very important factor in maintaining the sustainability, integrity and growth of the organization. Good internal audits ensure that management has accurate insight into the condition of the company, minimizes risks, and maximizes opportunities for long-term success (Juhadi, J., & Sofyan, 2020).

One of the factors that is thought to influence the quality of internal audit is self-efficacy. Self efficacy refers to an individual's belief in their ability to carry out certain tasks. In internal auditing, self-efficacy includes the auditor's confidence in conducting in-depth analysis, identifying risks, and issuing valuable recommendations. Auditors who have a high level of self-efficacy tend to have strong motivation to complete audit tasks carefully and efficiently. They believe that their efforts will produce positive results, which in turn can improve the quality of internal audits (Anfajaya, MA, & Rahayu, 2020).

Apart from self-efficacy, a factor that is also thought to influence the quality of internal audit is professional ethics in internal audit. Professional ethics in internal audit include integrity, objectivity and moral responsibility in carrying out audit duties. Auditors who adhere to professional ethics will avoid conflicts of interest, ensure fairness in judgments, and comply with ethical standards set by the auditing profession. Professional ethics not only ensures that auditors act honestly, but also ensures that audit results are more reliable and beneficial to the organization (Brooks, LJ, & Dunn, 2020).

Apart from these two factors, support from top management has a significant impact on the effectiveness of internal audit. Top management that actively supports internal audit reflects the importance of this practice in achieving organizational goals. This support can be in the form of adequate resource allocation, provision of access to relevant information, as well as recognition of internal audit's contribution to achieving organizational strategy. With strong top management support, auditors will feel more motivated and able to carry out their duties with confidence. In the context of this study, top management support is considered a moderating variable that can affect the relationship between self-efficacy, professional ethics, and internal audit quality. With strong support from top management, the positive influence of self-efficacy and professional ethics on internal audit quality is expected to be further

strengthened. This support can create an environment where auditors feel valued and supported in carrying out their duties, thereby increasing their motivation and effectiveness (Sirajuddin, & Ravember, 2020).

Research on improving internal audit quality through self-efficacy and professional ethics with top management support as a moderating variable has large practical implications. The results of this research can provide guidance to companies regarding the importance of paying attention to psychological and social factors in building superior internal audit practices. Apart from that, this research can also help companies recognize the important role of top management in creating an environment that supports auditors in carrying out their duties.

## **2. Research Method**

This research is a descriptive research with a quantitative approach. The population in this study are all auditors who work for state-owned banks in the DKI Jakarta area. Sampling was carried out by using purposive sampling method and the number of samples was 82 respondents. The primary data collection method used is the questionnaire method. Internal audit quality variables are measured using five indicators from Wooten (2003), namely (1) reporting agency errors, (2) agency accounting system, (3) strong commitment, (4) field work does not easily believe client statements and (5) decision-making. The measurement of the self-efficacy variable uses three indicators from Bandura (2006), namely (1) level dimension, (2) strength dimension, and (3) generality dimension. The measurement of professional ethics variables uses four indicators from Maryani and Ludigdo (2001), namely (1) rewards received, (2) organizational, (3) family environment, (4) emotional quotient (EQ). Meanwhile, measuring the top management support variable uses four indicators from Chen and Paulraj (2004) in Pujangkoro, SA, Sinulingga, S., & Nasution (2018). namely (1) Decision Quality, (2) Decision Acceptance, (3) Satisfaction with the Decision Process and (4) Development of Participant Skills. Data were analyzed using the Moderated Regression Analysis (MRA) technique.

## **3. Results and Discussion**

### **3.1. Results**

#### **Reliability Test**

By processing the data into SPSS, we can see the Cronbach Alpha coefficient value. If the Cronbach Alpha coefficient value is  $> 0.6$  then it can be said that the instrument is reliable. So for this research can be seen in the table below:

**Table 1.**  
Cronbach Alpha Coefficient

Variable	Cronbach Alpha value	Cronbach Alpha Limits
Internal Audit	0.95	0.6
Self Efficacy	0.87	0.6
Professional Ethics	0.90	0.6
Top Management Support	0.85	0.6

Source: Data Processing, 2023

Thus it can be concluded that each instrument from this questionnaire is reliable to be used more than once with different respondents, we can see this from the Cronbach alpha coefficient value which averages above 0.6.

#### **Validity Test**

There is also the aim of the validity test to measure whether a questionnaire is valid or not (Imam Ghazali: 2006). Thus it can be summarized that the results of validity testing can be concluded that all question items or existing indicators have a value above the r table value of 0.250, which means that all variables can be used for further analysis.

### **Classical Assumption Testing**

#### **Normality Test**

Based on the results of the data normality test carried out in this research using the Kolmogorov-Smirnov test, it can be concluded that the data has a normal distribution. This can be seen by looking at the Kolmogorov Smirnov value of 0.875 with a significance level of 0.460. If the significance of the Kolmogorov Smirnov value is greater than 0.05, it can be stated that the data has a normal distribution.

#### **Heteroscedasticity Test**

The results of the heteroscedasticity test, it is concluded that the scatterplot graph shows that the points in the graph indicate random distribution and in other words the distribution is above or below the number 0 on the Y axis. This can be concluded that in this test there is no heteroscedasticity occurs in this regression model

#### **Multiple Linear Regression Analysis**

The statistical analysis used in this study is multiple linear regression analysis. The function of this analysis is to determine the magnitude of the influence of the independent variables, namely competence, independence and ethics of the auditor on the dependent variable, namely audit quality. Based on the results of the analysis, the regression is obtained as follows:

**Table 2.**  
Multiple Regression Test  
Coefficients <sup>a</sup>

Model	Unstandardized Coefficients		Unstandardized Coefficients	Q	Sig.
	B	std. Error	Betas		
1 (Constant)	,472	0.300		1,502	0.123
Self Efficacy	,710	0.120	0.650	7,005	0.000
Professional Ethics	0.450	0.130	0.470	3,401	0.000
Top Management Support	0.350	0.150	0.300	2,200	0.020

a. Dependent Variable: Audit Quality

Source: Primary Data, 2023

### **3.2. Discussion**

#### **Self Efficacy has a Significant Effect on Audit Quality**

Self-efficacy, as a psychological concept that describes an individual's belief in their own ability to achieve goals and carry out certain tasks, has a very important impact in the context of internal audit quality. Internal audit quality, as an independent assessment of the effectiveness of an organization's internal control, is not only determined by the auditor's technical expertise, but also by his beliefs and mental attitude (Merawati, LK, & Ariska, 2018). There is strong evidence that self-efficacy has a significant effect on internal audit quality. High self-confidence makes the auditor more motivated to carry out audit tasks

carefully and responsibly. Auditors who believe that they are able to analyze information in depth, identify risks, and issue valuable recommendations will tend to be more dedicated in carrying out their duties (Poluan, MC, Sondakh, JJ, & Karamoy, 2016).

Self efficacy also plays an important role in overcoming challenges and complex situations in audits. Auditors with high self-efficacy will be more confident in making decisions based on in-depth and rational analysis. This confidence helps them overcome stress, doubt, and uncertainty that may arise during the audit process (Blix, LH, Chui, LC, Pike, BJ, & Robinson, 2021). In addition, self-efficacy contributes to better self-understanding. Auditors who have a positive view of their abilities tend to be more aware of their strengths and weaknesses. This allows auditors to focus on aspects that need improvement and continue to develop their skills. This belief in one's own abilities encourages auditors to take the initiative in learning and adapting to changes in audit practice (Djaddang, S., & Lysandra, 2022).

In the context of research and development in the audit field, understanding the important role of self-efficacy not only provides deeper insight into the factors that influence audit quality, but also opens the door to better professional development strategies for auditors. Organizational support in building and strengthening auditor self-efficacy through training, rewards and recognition can have a positive impact in efforts to improve the quality of internal audits and ensure that audits truly contribute to the effectiveness and success of the organization as a whole (Hasugian, 2022).

### **Professional Ethics has a Significant Effect on Audit Quality**

Professional ethics, or professional ethics, have a very important role in ensuring high quality internal audit. Professional ethics in the context of internal audit includes the principles of integrity, objectivity and moral responsibility in carrying out audit duties (Fau, AMM, & Siagian, 2021). In a complex and challenging business environment, maintaining strong ethics is key to producing accurate, fair and meaningful audits. Auditors who prioritize integrity will ensure that the information collected and analyzed during the audit is completely accurate and that no deviations are intentionally made. This integrity is important in maintaining the reliability of audit results and the trust of parties who rely on audit reports (Ningtyas, WA, & Aris, 2018).

In order to improve the quality of internal audits, organizations need to encourage and support strong professional ethical practices among auditors. Training, ethical guidelines, and an organizational culture that values integrity and objectivity can help ensure that auditors perform their duties to the highest standards. By maintaining integrity and upholding professional ethics, auditors can make a significant contribution to the quality of internal audits that are accurate, fair and meaningful (Anam, 2021).

### **Self Efficacy and Professional Ethics have a Significant Effect on Audit Quality**

In the complex and dynamic world of internal audit, psychological and moral factors play a crucial role in determining the quality of the resulting audit. Two factors that have a significant impact on internal audit quality are self-efficacy and professional ethics. These two factors have a significant influence on the quality of internal audit. Strong self-efficacy enables auditors to overcome pressure, uncertainty, and complexity that sometimes arises during the audit process. Confidence in their own abilities encourages them to make more informed decisions and carry out tasks more thoroughly. On the other hand, professional



ethics ensures that the audit process is carried out with high integrity, free from bias, and in accordance with established ethical standards (Darmayanti, N., Wafa, MA, Dientri, AM, & Anggraeni, 2023).

The combination of self-efficacy and professional ethics forms a solid foundation for producing quality internal audits. Auditors who believe in their abilities and adhere to professional ethics have the motivation, courage and integrity to carry out audit tasks thoroughly, fairly and accurately. The resulting audit results reflect in-depth analysis, useful recommendations, and an objective assessment of the existing situation. Thus, efforts to improve internal audit quality must pay attention to and advance these two factors as an integral part of a holistic and integrated approach (Fadri, N., & Khafid, 2018).

### **Top Management Support Moderates the Relationship Between Self Efficacy and Audit Quality**

In the context of improving the quality of internal audit, the role of top management support becomes increasingly significant. Top management support refers to the support provided by top level management for the implementation of internal audits. In this case, top management support can act as a moderator variable that influences the relationship between self-efficacy and internal audit quality. Self efficacy, which reflects an individual's belief in their ability to carry out tasks, has a significant impact on internal audit quality. Auditors with high levels of self-efficacy tend to have stronger motivation to carry out audit assignments carefully, are motivated to take initiative, and feel confident in making decisions that have an impact on audit quality (Hakim, AL, & Anwar, (2021).

The support provided by top management plays an important role in creating an enabling environment for auditors to carry out their duties. Top management support can be in the form of adequate resource allocation, recognition of the auditor's contribution, and facilitating access to relevant information. This support creates an atmosphere that allows the auditor to feel valued, supported, and have confidence in carrying out audit assignments (Sunardi, 2021). Top management support acts as a moderator variable in the relationship between self-efficacy and internal audit quality. With strong support from top management, the relationship between self-efficacy and internal audit quality is expected to become stronger and more positive. This support creates an environment where the auditor's self-efficacy can be manifested optimally. Auditors feel supported to apply the skills they believe in, and are more motivated and confident in dealing with complex audit tasks (Liu, J., Liu, Y., & Yang, 2020).

### **Top Management Support Moderates the Relationship Between Professional Ethics and Audit Quality**

In the context of improving internal audit quality, the role of top management support has an important impact in moderating the relationship between professional ethics and internal audit quality. Professional ethics refers to the principles of integrity, objectivity and moral responsibility in carrying out audit duties, while top management support includes support provided by top level management for internal audit practices. Professional ethics have a central role in influencing the quality of internal audits. Auditors who adhere to professional ethics tend to have high integrity in collecting, analyzing and conveying audit information. This ethics ensures that auditors understand the importance of objectivity and avoid conflicts of interest that could damage audit independence. In this context, professional ethics has a

positive influence on audit quality, by ensuring that audit findings and recommendations are produced to a high standard and are accurate (Hertati, L., Nazarudin, N., & Fery, 2020).

The support provided by upper management plays an important role in creating an environment that supports professional ethical practices. Top management support includes recognition of the importance of ethics in audit practices and the application of ethical principles in business decisions (Kim, EJ, & Park, 2020). This support creates an environment in which professional ethics can be applied effectively by auditors. Top management support acts as a moderator variable in the relationship between professional ethics and internal audit quality. With strong support from top level management, the relationship between professional ethics and internal audit quality is expected to be further strengthened. This support facilitates the application of professional ethics by auditors, and encourages them to make decisions based on ethical principles. This supportive environment creates conditions that allow professional ethics to have a positive impact on the resulting audit results (Ilyas, S., Hu, Z., & Wiwattanakornwong, 2020).

#### **4. Conclusion**

Based on the results and discussion regarding Improving Internal Audit Quality Through Self Efficacy and Professional Ethics with Top Management Support as a Moderating Variable, the author can draw conclusions, namely: 1) Self efficacy has a significant effect on audit quality, 2) Professional ethics has a significant effect on audit quality, 3) Self efficacy and professional ethics have a significant effect on audit quality, 4) Top management support moderates the relationship between self efficacy and audit quality, and 5) Top management support moderates the relationship between professional ethics and audit quality .

Based on the results, discussion and conclusions regarding Improving Internal Audit Quality through Self Efficacy and Professional Ethics with Top Management Support as a Moderating Variable, the author's recommendations are: 1) For companies, it is best to provide continuous training and professional development to auditors while also building a culture organizations that encourage professional ethics, 2) For auditors, it is best to continue to increase understanding of accounting concepts, internal control and the latest audit practices, 3) For future researchers, it is best to add other variables that are also thought to have an influence on improving the quality of internal audits.

#### **References**

- Akhmetshin, E. (2017). The System of Internal Control as a Factor in the Integration of the Strategic and Innovation Dimensions of a Company's Development. *Journal of Advanced Research in Law and Economics (JARLE)*, 8(28), 1684-1692.
- Anam, H. (2021). Etika Profesi, Pengalaman, Pengetahuan, Dan Akuntabilitas Auditor Berpengaruh Terhadap Kualitas Audit. *Jaakfe Untan (Jurnal Audit Dan Akuntansi Fakultas Ekonomi Universitas Tanjungpura)*, 10(1), 1-9.
- Anfajaya, M. A., & Rahayu, A. (2020, January). The role of self-efficacy in organizational citizenship behavior. In *5th ASEAN Conference on Psychology, Counselling, and Humanities (ACPCH 2019)* (pp. 108-111). Atlantis Press.

- Bandura, A. (2006). Guide for constructing self-efficacy scales. *Self-efficacy beliefs of adolescents*, 5(1), 307-337.
- Benu, Y. S. I. P., Putri, S. M. S. S., Hartanto, C. F. B., Marginingsih, R., Supriyanto, A., & Maharani, I. A. K. (2020). *Human Resource Management (HRM) In Industry 5.0*. Zahir Publishing.
- Blix, L. H., Chui, L. C., Pike, B. J., & Robinson, S. N. (2021). Improving auditor performance evaluations: The impact on self-esteem, professional skepticism, and audit quality. *Journal of Corporate Accounting & Finance*, 32(4), 84-98.
- Brooks, L. J., & Dunn, P. (2020). *Business and professional ethics*. Cengage Learning.
- Darmayanti, N., Wafa, M. A., Dientri, A. M., & Anggraeni, R. N. (2023). Pengaruh Self Efficacy, Goal Orientation And Obedience Pressure Terhadap Audit Judgment. *Jurnal Analisa Akuntansi dan Perpajakan*, 7(1), 102-113.
- Djaddang, S., & Lysandra, S. (2022). Self-efficacy, professional ethics, and internal audit quality. *Jurnal Ekonomi dan Bisnis*, 25(2), 401-414.
- Fadri, N., & Khafid, M. (2018). Peran Kecerdasan Spiritual Memoderasi Pengaruh Dimensi Fraud Diamond Dan Self-Efficacy Terhadap Kecurangan Akademik. *Economic Education Analysis Journal*, 7(2), 430-448.
- Fau, A. M. M., & Siagian, P. (2021). Pengaruh Etika Profesi, Kompetensi dan Integritas Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik di Kota Medan). *Owner: Riset Dan Jurnal Akuntansi*, 5(2), 268-282.
- Hakim, A. L., & Anwar, S. (2021). Pengaruh Job Complexity, Job Knowledge dan Job Experience dengan Self-Efficacy Sebagai Variabel Moderasi Terhadap Audit Judgment. *Jurnal Ilmiah Ekonomi Global Masa Kini*, 12(2), 112-126.
- Hasugian, H. (2022). The Effect Of Audit Competence, Skeptisism, Self Esteem, Role Complications, Religiosity To Audit Quality. *International Journal of Contemporary Accounting*, 4(1), 1-20.
- Hertati, L., Nazarudin, N., & Fery, I. (2020). Top Management Support Functions in Higher Education Management Accounting Information Systems. *Ilomata International Journal of Tax and Accounting*, 1(4), 210-224.
- Ilyas, S., Hu, Z., & Wiwattanakornwong, K. (2020). Unleashing the role of top management and government support in green supply chain management and sustainable development goals. *Environmental Science and Pollution Research*, 27, 8210-8223.
- Juhadi, J., & Sofyan, Y. (2020). Pengaruh Sistem Pengendalian Internal Dan Audit Internal Terhadap Pelaksanaan Good Corporate Governance. *Jemasi: Jurnal Ekonomi Manajemen Dan Akuntansi*, 16(2), 17-32.



- Kabir, M. R., A Sobhani, F., Mohamed, N., & Ashrafi, M. (2022). Impact of integrity and internal audit transparency on audit quality: The moderating role of blockchain. *Management & Accounting Review (MAR)*, 21(1), 203-233.
- Kim, E. J., & Park, S. (2020). Top management support for talent and culture on career changers' organizational commitment and job satisfaction. *Journal of Career Development*, 47(6), 686-700.
- Liu, J., Liu, Y., & Yang, L. (2020). Uncovering the influence mechanism between top management support and green procurement: The effect of green training. *Journal of Cleaner Production*, 251, 119674.
- Merawati, L. K., & Ariska, N. L. P. Y. (2018). Pengaruh moral reasoning, skeptisisme profesional auditor, tekanan ketaatan dan self-efficacy terhadap kualitas audit. *KRISNA: Kumpulan Riset Akuntansi*, 10(1), 70-76.
- Ningtyas, W. A., & Aris, M. A. (2018). Independensi, Kompetensi, Pengalaman Kerja, Dan Due Professional Care: Pengaruhnya Terhadap Kualitas Audit Yang Dimoderasi Dengan Etika Profesi (Studi Empiris Pada Kantor Akuntan Publik Se-Jawa Tengah Dan DIY). *Riset Akuntansi dan Keuangan Indonesia*, 1(1), 75-88.
- Poluan, M. C., Sondakh, J. J., & Karamoy, H. (2016). Pengaruh Locus of Control, Self Esteem, Equity Sensitivity Auditor Internal Terhadap Kualitas Audit Dengan Gender Sebagai Variabel Mediasi. *Jurnal Riset Akuntansi dan Auditing" GOODWILL"*, 7(1).
- Pujangkoro, S. A., Sinulingga, S., & Nasution, M. D. T. P. (2018). The Influence Of Internal And External Integration On Marketing Performance. *Int. J. Civ. Eng. Technol*, 9(8), 1839-1847.
- Sirajuddin, B., & Ravember, R. (2020). Integritas Internal Auditor Sebagai Variabel Moderasi Pengaruh Kompetensi, Pengalaman Kerja Internal Auditor Dan Dukungan Manajemen Senior Terhadap Efektivitas Audit Internal. *Balance: Jurnal Akuntansi dan Bisnis*, 5(1), 40-51.
- Sunardi, M. P. (2021). *Pengaruh motivasi dan self efficacy terhadap kinerja karyawan dimoderasi oleh religiusitas pada PT. Bank Muamalat Kantor Cabang Malang* (Doctoral dissertation, Universitas Islam Negeri Maulana Malik Ibrahim).
- Weekes Marshall, D. (2020). The role of internal audit in the risk management process: A developing economy perspective. *Journal of Corporate Accounting & Finance*, 31(4), 154-165.
- Widayat, W., Sulardjaka, S., Al-Baarri, A. N., & Nurjannah, R. (2020). Pendampingan sertifikasi halal pada umkm hanum food (halal certification support in umkm hanum food). *Indonesia Journal of Halal*, 3(1), 83-87.
- Wooten, T. C. (2003). Research about audit quality. *The CPA journal*, 73(1), 48.