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Auditor's ability on external auditor performance and quality control system as mediation: A study at a public accounting office of Indonesia

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Abstract: This study provides essential information regarding the fundamental philosophies and traditions of the accounting profession, as well as the impact of audit ability, the quality control system, and external auditor performance. This study employs quantitative research involving 370 participants. Data analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM) based on Covariance-Based Structural Equation Modeling (CB-SEM) to test the proposed hypotheses. The findings indicate that audit ability (experience, independence, expertise, competence, and evidence) significantly influences the quality control system and external auditor performance, and all hypotheses are accepted. Conclusion: It is important that a system, process, transaction, or record can be independently examined, reviewed, and verified by a third party (auditor) to ensure accuracy, reliability, transparency, and compliance with established procedures or standards. For practical implications, increasing the mix of technical and non-technical skills is essential for auditors to perform audit tasks accurately. This includes analytical abilities, problem-solving skills, attention to detail, knowledge of accounting and regulations, and strong communication and interpersonal skills, all of which are important for external auditor performance.

Keywords: *Auditor's ability, External auditor performance, Quality control system.*

1. Introduction

Auditors play a vital role in corporate governance. Their essential function in assessing the quality of financial reporting and deterring fraud and manipulation means their trustworthiness is frequently examined. Various studies have affirmed the important conditions necessary for effective auditing, including the need for strong evidential foundations. Research also highlights the vital role of auditor expertise, although results may differ. Additionally, these studies have uncovered notable concerns, including difficulties within the audit profession's self-regulatory mechanisms. This study explores whether board members without directorships contribute to the growth of expert decision-makers whose skills are directly linked to their performance in different organizations, business institutions, and public services.

As a result, such directors tend to seek higher-caliber auditors with the goal of improving financial reporting and protecting their professional image [1]. In addition, directors can build valuable professional connections through these roles, and the insights gained from these connections may impact their choices in auditor selection [2]. However, prior research on this issue has primarily focused on public companies. Considering the significant differences between private and public organizations, it cannot be assumed, without specific empirical evidence, that conclusions drawn from public firms apply to private ones [3]. The study provides essential evidence to assist government policymakers in formulating relevant policies concerning the approval conditions for audits of public interest entities.

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Lastly, the research contributes to the global discussion on audit quality by offering valuable insights that can inform regulatory authorities and policymakers worldwide [4].

Research findings suggest that companies utilize audits to create a separating equilibrium, where firms with highly esteemed boards typically demonstrate higher audit quality [1]. This equilibrium is economically rational, as shareholders concerned about their firm's reputation tend to choose directors with greater reputational capital, which indirectly affects their decision-making [4]. This study aims to enhance our understanding of how the board influences auditor selection. Adverse news from any firm can significantly impact its overall reputational capital. Although often associated with publicly traded companies, private firms also have a public image and are vulnerable to reputational harm [5]. This research advances previous studies and contributes to the existing literature in several key ways [6]. Firstly, it specifically focuses on private firms. Earlier research has mainly used indicators such as audit fees and auditor-client portfolios, often focusing on public firms. However, private companies account for a greater share of the business landscape, yet remain notably underexplored regarding audit quality [7]. Our research on auditor selection and how board structure impacts the demand for audit quality in private companies enhances understanding of the relationship between corporate governance features and audit quality [8]. Additionally, we clarify how professional networks affect audit quality. Our results indicate that when a well-known auditor is connected to a board member, it positively impacts audit quality in other companies where those directors are also involved. This study further enhances current knowledge regarding the need for audit quality, particularly in private firms [9]. As a result, the reputational consequences for directors who hold positions on multiple private firm boards may be viewed as less significant than those in public companies. This potentially reduced reputational risk could lead to less motivation for directors to pursue higher-quality audit services. Nonetheless, the importance of reputational capital remains vital for directors in private enterprises. Directors with several board roles are often held in high esteem within the market, as this reflects their capability and bolsters their reputational capital [2].

Having extensive industry-specific knowledge is essential for auditors, as it allows them to understand the distinct regulations, risks, and operational challenges that a business may face [10]. Knowledgeable auditors utilize this insight to assess a company's business model, market conditions, and key success factors, which support accurate estimation of financial performance and identification of potential risks [11]. Additionally, this expertise is vital for ensuring compliance with industry-specific regulations, thereby helping to avoid legal complications [12]. It also aids in recognizing and evaluating risks unique to the industry, thus enhancing the development of effective risk-mitigation strategies. Ultimately, this specialized knowledge empowers auditors to perform detailed financial analyses and compare a company's performance with that of its industry rivals [13]. There is a significant positive association between the proportion of board members with outside directorships and audit quality. Furthermore, the propensity to hire a higher-quality auditor is significantly influenced by directors' networks [14].

In private companies, protecting reputational capital is even more significant for various reasons. Firstly, unlike publicly traded companies, boards of private firms do not face regulatory scrutiny regarding their structure and makeup. This lack of external requirements can result in weaker internal controls that ensure accurate financial reporting. Consequently, hiring a reputable auditor provides board members, particularly those with substantial reputational capital, with added protection and greater confidence in the accuracy of their financial data. Secondly, private companies are inherently more difficult to evaluate than public firms, which benefit from strict disclosure policies and market-driven pricing signals. In this context, choosing a reputable auditor is a vital indicator to the larger directorship market, demonstrating the firm's dedication to high-quality financial reporting and protecting the professional reputations of its directors.

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2. Literature Review and Hypotheses

2.1. Contract and Agency Theory

The contract theory established by Jensen and Meckling [15] serves as a fundamental element of economic analysis. This theory also covers market trading relationships, especially long-term contracts such as labor agreements and financial arrangements between different firms. In a public accounting firm, contract theory appears in various agreements among multiple stakeholders, ranging from client contracts with partners to internal arrangements with junior auditors and other employees, along with engagements with the government and other interested entities. According to Alzoubi [16], this viewpoint underscores the crucial function of auditors, as elaborated by agency theory, in aligning the interests of the principal (shareholders) and the agent (management) within corporate governance.

The principal, as the owner of the funds, delegates authority to the agent or manager to oversee the company's finances in accordance with principles of good governance. The manager utilizes these resources for the company's activities throughout the financial period, ultimately becoming responsible to investors, creditors, and government entities [17]. This responsibility is met through the preparation of annual financial statements that comply with current financial accounting standards, especially Statement of Financial Accounting Standards No. 55 concerning financial reporting. At the end of each year, the audit committee engages a public accountant to examine these financial statements for accuracy and compliance with IFRS standards, resulting in the public accountant's professional assessment [18]. Auditors are responsible for safeguarding their firms' images (KAPs) by providing high-quality audits that accurately detect misstatements in financial reports [19]. Maintaining independence is crucial for the KAP when working with client organizations. Additionally, the widespread demand for auditors in the corporate sector requires adherence to rigorous professional standards [20].

Acting as independent assessors, auditors ensure a fair representation of financial statements. Their unbiased evaluations of the dependability of these statements are vital for market stability and foster confidence among investors, creditors, regulators, and stakeholders. As a result, the efficacy of KAP auditors has extensive implications, affecting the entities they audit and overall public trust [20]. A significant challenge faced by modern audit practices is the need to keep pace with rapid advancements in information technology. The growing use of digital tools and advanced information systems by businesses has directly increased audit complexity. Auditors must have a comprehensive understanding of these technologies [21] to effectively audit systems such as distributed databases and enterprise resource planning (ERP) platforms. A deficiency in technological skills can substantially hinder an auditor's capacity to design appropriate tests and detect IT-related risks. As noted by Abu Afifa et al. [22], information technology has reshaped business operations and increased audit complexity, a trend that continues today. A deep understanding of the business landscape is essential for developing efficient and effective audit strategies. When organizing an audit, auditors must consider the specific characteristics of the industry or sector in which a business operates. This knowledge also enables auditors to provide valuable suggestions for company management. Auditors who are well-versed in industry dynamics and competitive contexts are more prepared for this task [5]. Auditor performance is greatly affected by external factors that influence the audit environment. Alterations in government regulations, shifting accounting standards, and advancements in information technology can significantly impact audit practices [22]. Strong technical expertise is vital for providing high-quality audits. Such proficiency enables auditors to accurately identify significant errors in financial statements, perform more precise risk assessments, and develop valuable recommendations for management. This highlights the importance of technical skill in ensuring audit quality [23].

2.2. Experience and External Auditor Performance

Ethical considerations are essential in evaluating auditor performance. The fundamental principles of professional ethics, including independence, integrity, and objectivity, are crucial for ensuring the dependability of audits. Failure to uphold these principles can undermine the integrity of audit results

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and diminish public confidence in the profession [23]. Moreover, auditors with a comprehensive understanding of the business landscape are better positioned to conduct accurate risk assessments by recognizing both external and internal factors that influence a company's performance, such as industry competition, regulatory shifts, market dynamics, and macroeconomic conditions [24]. Additionally, contemporary auditing increasingly requires auditors to possess advanced technical skills. Navigating the intricacies of modern auditing necessitates thorough knowledge of information technology, data analytics, and artificial intelligence [20]. Auditors must adeptly utilize cutting-edge technologies for audit testing and scrutinize large datasets to uncover possible errors or fraudulent activities. However, the complexity of modern information systems can make it challenging to perform effective control tests [25]. Consequently, auditors need to understand the structure of a company's information systems, identify key control points, and develop appropriate tests to evaluate their effectiveness. Issues may arise due to restricted access to system information or insufficient familiarity with specific technologies, which can hinder an auditor's ability to thoroughly assess the internal control system [26].

To ensure the integrity of financial statement audits and reduce judgment errors, auditors should possess a minimum of three years of experience in auditing the same client. Delivering high-quality audit services boosts client satisfaction and ongoing partnerships [27]. This client satisfaction frequently results in greater demand for services, subsequently enhancing auditor performance. Nonetheless, academic research reveals varied results regarding the elements that affect auditor performance [28]. For instance, Andari and Hermawan [29] found that audit experience, role ambiguity, and maintaining a healthy lifestyle considerably influence auditor performance and spiritual intelligence. In contrast, according to Sunyoto [30], auditor experience, professional commitment, and knowledge have an insignificant impact on financial audit performance in Indonesia [31]. Additionally, Alit [32] discovered that while professional ethics positively affect auditor performance, auditor experience itself has no effect.

H_1: Auditor experience positively influences External Auditor Performance.
H_2: Auditor experience positively influences the Quality Control System.

2.3. Independent and External Auditor Performance

Auditor independence, which includes impartiality, objectivity, honesty, and fairness, is an essential quality that supports thorough financial statement examinations and improves overall audit performance. Various studies have validated the importance of these traits. For instance, Sihombing and Triyanto [33] found that professional ethics, independence, and audit expertise significantly influence auditor performance. This conclusion is supported by Gandía and Huguet [24], who recognized the considerable influence of professional ethics, independence, and work experience on auditor results. Additionally, Puspanugroho and Muqorobin [34] emphasized the importance of auditor professionalism and independence. Furthermore, Faqih [35] determined that independence, professionalism, and competence significantly influence auditor performance, with job satisfaction as a moderating factor.

H_3: Auditor Independence positively influences External Auditor Performance.
H_4: Auditor Independence positively influences the Quality Control System.

2.4. Expertise and External Auditor Performance

A thorough examination of financial statements, which produces well-founded opinions and effective auditor performance, requires strong knowledge and skills in accounting and auditing [35]. This requirement is supported by recent studies [2, 7, 9, 11, 19] which have found that professionalism and expertise significantly influence auditor performance and similarly determined that competence itself greatly influences this result.

H_5: Auditor expertise and competence positively influence External Auditor Performance.

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H_6. Auditor expertise and competence positively influence the Quality Control System.

2.5. Evidence and External Auditor Performance

After finishing Systems and Process Improvement (SPI) testing during a client audit, the next important step is to gather audit evidence for each account that underwent substantive testing. This evidence is essential for verifying the accuracy and legitimacy of account balances [35]. Accurate account balances prepared in accordance with established accounting practices lead to a more positive auditor's opinion, which enhances the auditor's effectiveness. Tahir et al. [36] support this assertion by showing that audit evidence can significantly improve auditor performance.

H_7. Audit Evidence positively influences External Auditor Performance.
H_8. Audit Evidence positively influences the Quality Control System.

2.6. Quality Control System and External Auditor Performance

The audit quality control system is based on carefully crafted and implemented strategies and processes by auditing organizations and their staff to improve the effectiveness and quality of their work. This essential framework significantly diminishes audit risks and promotes ongoing improvement in auditing practices, enabling adjustment to changing conditions in organizations' internal and external environments [31]. Shortcomings frequently occur due to limited thorough implementation of the established audit standards, which serve as a regulatory baseline for quality control. Auditors working for the Big Ten accounting firms follow prescribed professional ethical guidelines [37]. These guidelines require adherence to ethical standards, written confirmation of staff independence, and the avoidance of close relationships. Professional ethical standards are intended to regulate the interactions among auditors, their colleagues, supervisors, audit subjects, and the broader community [38].

Following these ethical standards enhances auditor performance according to a uniform code and guarantees high-quality audit provision [39]. The results support the theory of quality, indicating that exceptional audit quality is achieved through the effective implementation of quality control system components, particularly ethical guidelines [40]. These guidelines establish a clear framework for appropriate behaviour and help prevent misconduct. Auditors who adhere to these ethical principles during their engagements are encouraged to exhibit responsibility and attain high levels of performance. This result aligns with earlier findings [41]. Emphasized that independence is a vital element of quality control systems (QCS), highlighting its ability to improve audit quality [42]. However, other research, particularly that analyzing the seven quality control components outlined in SA 220, indicated that only professional ethics notably impacted audit quality [43]. This conclusion aligns with findings from Tran et al. [2], Ananda and Faisal [7], Kouaib and Jarboui [9], Hadriche [11], Shehadeh et al. [19], and Fang et al. [27]. It is crucial to acknowledge that QCS elements are interrelated (SPM Section 100), and no single component should be regarded as more critical than the others. Consequently, to gain a comprehensive understanding of QCS and accurately identify the elements that influence audit quality, all components of QCS were included as variables in this research [44].

The primary hypotheses investigate the combined effect of these components on audit quality. An external auditor, a certified professional accountant, conducts an objective review of a client's financial statements and records to provide an unbiased opinion on the organization's financial reporting [2]. An external audit aims to impartially assess an entity's financial status and performance while ensuring compliance with relevant laws, regulations, and accounting standards [3]. By meticulously evaluating the precision and completeness of financial statements, external auditors foster trust among various stakeholders, including investors, creditors, government entities, and the general public, that the financial information provided is reliable [45].

H_9. Quality control systems are positively related to external auditor performance.

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H_{10}: Quality control systems mediate the relationship between experience and external auditor performance.

H_{11}: Quality control systems mediate the relationship between independence and external auditor performance.

At the heart of organizational accountability, external audits deliver an unbiased evaluation of financial statements, making management responsible for their financial practices and choices [13]. This role is especially crucial in the public sector, where external audits promote accountability and transparency in the management of public funds [9], which is vital for preserving public trust in governmental entities. Beyond this primary role, external audits also pinpoint possible risks and deficiencies in financial reporting and internal controls. They proactively offer recommendations for enhancing financial processes and minimizing identified risks [46], thereby fortifying financial management and improving overall organizational governance.

External audits are essential in an organization's interaction with its stakeholders, demonstrating a commitment to transparency and accountability that fosters trust among relevant groups, including taxpayers, investors, and regulatory agencies [4]. In public sector management, this dedication is essential for ensuring adherence to financial regulations and improving service delivery to the public. The audit process begins with a thorough planning stage where the external auditor evaluates the risks linked to the organization's financial statements [11]. This evaluation entails a comprehensive understanding of the entity's operations, internal controls, and previous audit outcomes, which collectively guide the creation of appropriate audit strategies. During the fieldwork phase, auditors gather evidence using various techniques, including reviewing financial documents, interviewing personnel, and performing analytical reviews [47]. This evidence is critical for forming a reliable opinion on the financial statements. After completing the fieldwork, auditors compile a comprehensive report that outlines their findings and suggests recommendations for management to address proactively. This report is then submitted to the organization's management and governing body and is frequently made accessible to the public [45].

Nevertheless, numerous organizations, especially those in the public sector, often face financial limitations that restrict the resources available for thorough audits. This may lead to partial audits and inadequate assessments of financial practices [48]. Political influences can also threaten the objectivity of external auditors, especially in governmental bodies where audit results often conflict with political agendas [46], thereby undermining the audit quality and integrity. Additionally, the success of external audits relies on the auditors' qualifications and training; for example, insufficient training can hinder their ability to identify financial irregularities or shortcomings [49]. Hiring a larger audit firm usually indicates improved financial report quality to company directors, which can enhance a director's reputation [50].

H_{12}: Quality control systems mediate the relationship between expertise and competence and external auditor performance.

H_{13}: Quality control systems mediate the relationship between the quality of audit evidence and external auditor performance.

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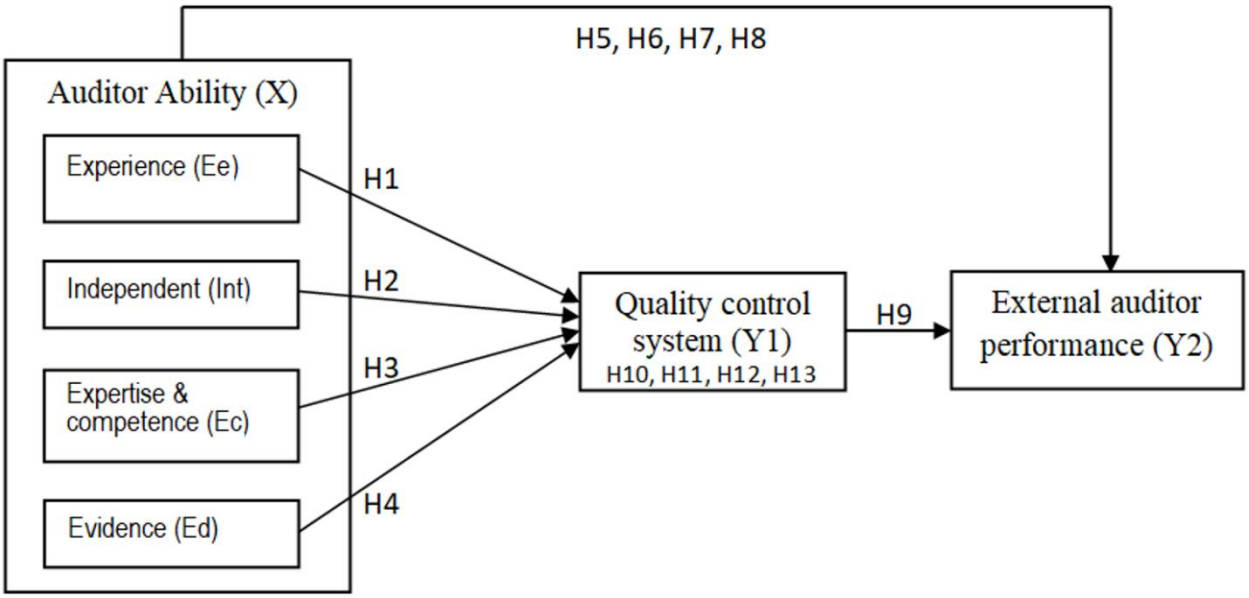

Figure 1.
Research model

3. Methodology

3.1. Data Collection and Sample

The researchers utilized a cross-sectional survey approach that incorporated primary data originally gathered for purposes unrelated to the current study. These data may have come from internal sources, such as prior organizational research, or external sources, such as governmental statistics, published documents, or data accessible online [51]. Using the Slovin formula, the study gathered 370 responses (74 × 5) from 74 Public Accounting Firms sanctioned by the Ministry of Finance of the Republic of Indonesia, Secretariat General of the Centre for Development of Financial Professions [32]. This study's sample comprised all non-financial companies listed on the ASE between 2020 and 2024, provided their financial reports were publicly accessible online for the entire period.

This study excluded financial sector companies for three primary reasons. First, financial institutions possess unique financial statements with components distinct from those of the non-financial sector. Second, they maintain different working capital structures. Third, the sector is governed by different regulatory requirements, which could disproportionately influence the proxy for earnings management [52]. Random sampling was employed, ensuring that each member of the population had an equal chance of selection. It aims to achieve a representative sample so that the findings can be generalized to the entire population [53]. Data for this study were primarily gathered via a questionnaire, complemented by insights from FGD analysis. A pilot survey with 15 respondents was conducted to test the reliability and validity of the instrument. Based on the pilot survey, several items were refined. A consistent 5-point Likert scale, spanning from "strongly disagree" (1) to "strongly agree" (5), was applied to all items [52].

Table 1 presents participant demographics, showing that 61.6% of respondents are male and 38.4% are female. The largest age group is 31–40 years (38.1%), followed by 41–50 years (27.6%), over 51 years (22.7%), and 21–30 years (11.6%). Regarding education, 53.5% of respondents hold a bachelor's degree, 29.5% a diploma, and 2.4% a doctorate or PhD. The demographic distribution confirms that the responses meet the study's criteria and offer essential information supporting the data, as the credibility of the findings is partly influenced by respondent characteristics.

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Table 1.
Demographic respondent

Demographic	Frequency	Percentage
Gender		
Male	228	61.6
Female	142	38.4
	370	100%
Age		
20 and below	0	0
21-30	43	11.6
31-40	141	38.1
41-50	102	27.6
51 and above	84	22.7
	370	100%
Education		
Diploma (III/IV)	106	29.5
Bachelor's Degree	198	53.5
Master's Degree	54	14.6
Doctorate/PhD	9	2.4
	370	100%

3.2. Measures

The constructs of the study were defined using established literature; while Cronbach's alpha is based on structural equation modelling (SEM), it remains the most frequently reported reliability coefficient in SEM studies. The scales for experience, independence, expertise, competence, and evidence were modified from the work of Cho [54], with Cronbach's alpha (CA) values exceeding 0.600, thereby satisfying the necessary criteria. An adapted scale from Dhaniarti et al. [55] was also employed, which reported a CA of 0.650. Additionally, the quality control system and performance of external auditors were evaluated using scales derived from Hair Jr et al. [56], yielding CA values of 0.650. To address the common method, the exogenous constructs were evaluated using a five-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree) [57].

4. Result

4.1. Data Analysis

The analysis employed partial least squares structural equation modeling (PLS-SEM), following a two-stage procedure with Smart PLS software [56]. PLS-SEM was preferred over covariance-based structural equation modeling (CB-SEM) due to the research's emphasis on predicting key constructs [58]. For mediation analysis within Partial Least Squares Structural Equation Modeling (PLS-SEM), the bootstrapping approach is highly recommended due to its independence from specific sampling distribution assumptions and its applicability to small sample sizes [59].

The assessment of the measurement model began by evaluating convergent validity through indicator loadings, average variance extracted (AVE), and composite reliability (CR). To initiate a mediation analysis, X is identified as the source, Y2 as the target, and Y1 as the mediator connecting X and Y2. The process starts by evaluating the significance of the indirect path, typically calculated by multiplying the coefficient for path a (X to Y1) by the coefficient for path b (Y1 to Y2). If this indirect effect ($a \times b$) is statistically significant, mediation is present. The next step determines whether this mediation is full or partial by examining the significance of the direct effect (path c' from X to Y2). If the indirect effect is significant and the direct effect (c') is not, full mediation is confirmed. However, if both the indirect effect and the direct effect (c') are significant, partial mediation is indicated. If the indirect effect is insignificant, no mediation exists.

Table 2 indicates that all indicators (experience, independence, expertise and competence, evidence, quality control system, and external auditor performance) with loadings exceeding 0.650 were deemed acceptable. Internal reliability was affirmed, as both Rho A and CR exceeded 0.650, confirming

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convergent validity with all AVE values surpassing 0.500 [56]. The table reveals that the loading results for experience (Ee), Ee1=0.6839, Ee2=0.6237, Ee3=0.8041, Ee4=0.8090, and Ee5=0.8294, are all above 0.650; with Rho A=0.8488, CR=0.8555, and AVE=0.5830 also exceeding 0.500. For independence (Int), the values Int1=0.7770, Int2=0.7615, Int3=0.7595, Int4=0.7304, and Int5=0.7537 are similarly above 0.650, with Rho A=0.8187, CR=0.8594, and AVE=0.5898 all exceeding 0.500. Similarly, for expertise and competence (EC), the Ec1=0.8488, Ec2=0.8546, Ec3=0.7615, and Ec4=0.8015 exceed 0.650; with Rho A=0.6829, CR=0.8439, and AVE=0.7479 all exceed 0.500. For evidence (Ed), the loadings Ed1=0.7760, Ed2=0.6897, Ed3=0.8313, and Ed4=0.8361 are also above 0.650; with Rho A=0.8284, CR=0.8837, and AVE=0.7508 exceeding 0.500. Regarding the quality control system (QCS), the values Qcs1=0.8565, Qcs2=0.8730, and Qcs3=0.8313 surpass 0.650; Rho A=0.7841, CR=0.6872, and AVE=0.6750 exceed 0.500. Finally, for external auditor performance (EAP), the values Eap1=0.9254, Eap2=0.9010, and Eap3=0.8254 all exceed 0.650; with Rho A=0.8594, CR=0.7244, and AVE=0.6827 also exceeding 0.500.

Table 2.
Results of the Measurement Model.

Construct	Indicator	Loading	Rho A	CR	AVE
Experience (Ee)	Ee 1	0.6839	0.8488	0.8555	0.5830
	Ee 2	0.6237			
	Ee 3	0.8041			
	Ee 4	0.8090			
	Ee 5	0.8294			
Independent (Int)	Int 1	0.7770	0.8187	0.8594	0.5898
	Int 2	0.7615			
	Int 3	0.7595			
	Int 4	0.7304			
	Int 5	0.7537			
Expertise & competence (EC)	EC 1	0.8488	0.6829	0.8439	0.7479
	EC 2	0.8546			
	EC 3	0.7615			
	EC 4	0.8015			
Evidence (Ed)	Ed 1	0.776	0.8284	0.8837	0.7508
	Ed 2	0.6897			
	Ed 3	0.8313			
	Ed 4	0.8361			
Quality control system (QCS)	QCS 1	0.8565	0.7841	0.6872	0.6750
	QCS 2	0.8730			
	QCS 3	0.8313			
External auditor performance (EAP)	EAP 1	0.9254	0.8594	0.7244	0.6827
	EAP 2	0.9010			
	EAP 3	0.8254			

4.2. Structural Model

A good VIF (Variance Inflation Factor) value is generally considered to be less than 5, though some sources consider values below 10 acceptable. A VIF of 1 indicates no multicollinearity, while higher values suggest increasing correlation among predictor variables [53]. Bootstrapping is a resampling technique employed to approximate the sampling distribution of a statistic (such as the mean, median, or regression coefficient) by drawing samples from the existing data with replacement. This approach enables researchers to determine standard errors, establish confidence intervals, and perform hypothesis testing without assuming a specific population distribution [56].

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Table 3 shows support for two direct relationships: experience → quality control system (β=0.1136 with t=1.1833, VIF=2.528, and p<0.05), thereby confirming H1. This research uncovered that independence → quality control system (β=0.2910, t=3.7423, VIF=1.984, and p<0.05) confirmed H2. Additionally, the relationship between expertise & competence → quality control system (β=0.1155, t=0.1911, VIF=2.634, and p<0.05) significantly impacted repurchase intention, and among the nine direct hypotheses tested, H3 was supported. The analysis revealed that evidence → quality control system (β=0.7697, t=4.0498, VIF=1.236 and p<0.05), confirming H4. It was further determined that expertise and competence → external auditor performance (β=0.1154, t=1.9633, VIF=2.528, and p>0.05) supported H5. Next, the findings showed that Expertise and competence → quality control system (β=0.1017, t=1.6070, VIF=1.984, and p<0.05) confirmed H6. Furthermore, evidence → external auditor performance (β=0.1154, t=1.8789, VIF=2.634 and p<0.05) supported H7. It also showed that evidence → quality control system (β=0.1339, t=2.2950, VIF=1.236, and p<0.05) confirmed H8, and that quality control system → external auditor performance (β=0.3007, t=5.2807, VIF=3.457, p<0.05) accepted and upheld H9.

Table 3.
Hypothesis Testing of Direct Relationships.

Relationship		Std. Beta	Std. Error	t-value	VIF	P-value	Decision
H1	Experience -> Quality control system	0.1136	0.0698	1.1833	2.528	0.0023	Supported
H2	Independent -> Quality control system	0.2910	0.0757	3.7423	1.984	0.0000	Supported
H3	Expertise & competence ->Quality control system	0.1155	0.0786	1.1911	2.634	0.0093	Supported
H4	Evidence ->Quality control system	0.7697	0.0650	4.0498	1.236	0.0000	Supported
H5	Experience -> External Auditor Performance	0.1154	0.0931	1.9633	2.682	0.0317	Supported
H6	Independent -> External Auditor Performance	0.1017	0.0763	1.6070	1.984	0.0382	Supported
H7	Expertise & competence ->External Auditor Performance	0.1715	0.0959	1.8789	2.634	0.0262	Supported
H8	Evidence ->External Auditor Performance	0.2339	0.0563	2.2950	1.236	0.0087	Supported
H9	Quality control systems -> External Auditor Performance	1.0174	0.0553	4.8017	3.457	0.0000	Supported

Table 4 shows that these findings support hypotheses H10 through H13, providing partial evidence for the mediation effect. Specifically, for the relationship of experience to the quality control system and its impact on external auditor performance, hypothesis H10 is confirmed (β =0.547, t-stat=3.214, VIF=1.474, and p-value=0.000). Hypothesis H11 is also validated (β =0.509, t-stat=2.226, VIF=2.270 and p-value=0.002). The corresponding values for hypothesis H12 are β=0.484, t-stat=2.152, VIF=2.456, and p-value=0.003, leading to its acceptance. Lastly, hypothesis H13 is accepted with β =1.327, t-stat=8.322, VIF=1.072, and p-value=0.000.

Table 4.
Hypothesis testing of indirect relationships.

Relationship		Std. Beta	t-stat	VIF	p-value	Decision
H10	Experience -> Quality control system-> External auditor performance	0.547	3.214	1.474	0.000	Accepted
H11	Independent -> Quality control system-> External auditor performance	0.509	2.226	2.270	0.002	Accepted
H12	Expertise & competence -> Quality control system -> External auditor performance	0.484	2.152	2.456	0.003	Accepted
H13	Evidence -> Quality control system -> External auditor performance	1.327	8.322	1.072	0.000	Accepted

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Table 5 shows the coefficient of determination (R^2) analysis revealed that the proposed model accounted for 60.1% of the variance in Auditor Ability, 0.579 of the variance in the Quality Control System, 0.746 of the variance in External Auditor Performance, and Quality Control System 0.7466 of the variance in External Auditor Performance. According to Hair Jr et al. [56], the R-square value (coefficient of determination) in SEM (Structural Equation Modeling) analysis indicates the extent to which exogenous (independent) variables influence endogenous (dependent) variables in the model. R-square values range from 0 to 1, with values closer to 1 indicating a stronger influence. R-square assessment criteria according to Hair et al. [57] are as follows: Strong: R-square ≥ 0.75, indicating a strong and significant influence between the variables; Moderate: R-square is around 0.50, indicating a moderate influence; and Weak: R-square is around 0.25, indicating a weak influence.

Table 5.
R-Square.

Variable	R-Square
Quality Control System	0.746
External Auditor Performance	0.685
Auditor Ability	0.579

Consistent with Cook and Forzani [58], which recommends that R^2 values above 0.26 indicate substantial predictive accuracy, both models met this criterion. The R-Square (R2) value indicates the level of determination of exogenous variables on endogenous variables. According to Mair [59], R2 values are categorized as follows: 0.670 (Substantial), 0.330 (Moderate), and 0.190 (Weak). Research contribution reflects a large and/or substantial level of determination. Auditor Ability (Aa), consisting of Experience, Independence, Expertise & Competence, and Evidence, strongly contributes to the quality control system and external auditor performance.

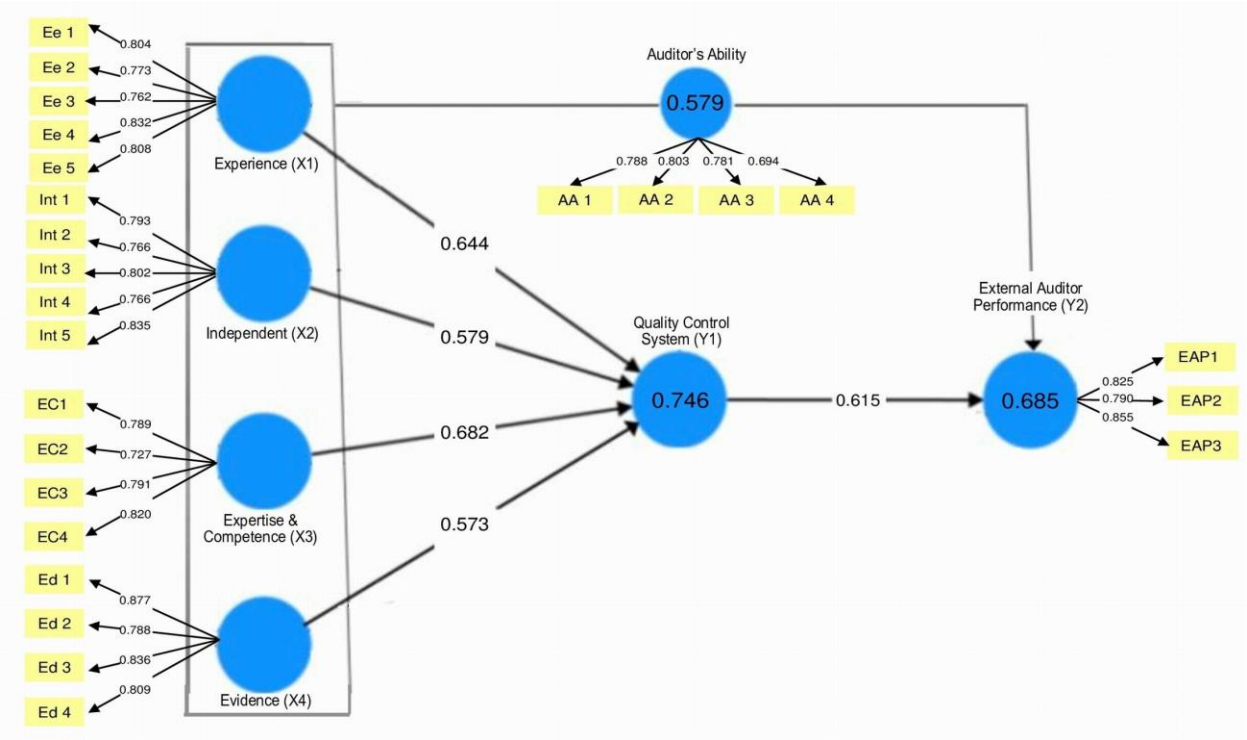

Figure 2.
Result of path analysis.

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5. Discussion and Conclusion

This study validated most of its hypotheses; however, the empirical evidence did not support the relationships between experience, independence, and the performance of external auditors. These findings, which indicate no significant influence of experience and independence on online external auditor performance, align with the work of Ananda and Faisal [7]; Gandía and Huguet [24]; Rizky et al. [26]; Andari and Hermawan [29]; Zalata et al. [44], and Putra and Dwirandra [50], who reported that actual online performance of external auditors is more significantly influenced by other factors. In contrast, experience and independence significantly influence the quality control systems of customers in online shopping contexts. This result supports the conclusions of Agba and Gbodiyan [4]; Bailey et al. [12], and Wahidahwati and Asyik [41] who identified perceived low effort and perceived enhancement of task performance as major factors determining a quality control system.

The study found a notable influence of expertise and competence on both repurchase intention and the quality control system (QCS). This finding aligns with Fang et al. [27] and Sunyoto [30], who discovered a positive relationship between expertise, competence, and QCS, directly impacting customers' future intentions. Furthermore, the evidence positively affected repurchase intention and QCS, having the most significant effect on customer QCS. Similarly, Agba and Gbodiyan [4] asserted that evidence and customer QCS are essential factors driving post-consumption intention, marking them as key components for success. The study also observed that customer QCS positively contributes to External Auditor Performance, echoing existing research. Putra and Dwirandra [50] affirmed that customer QCS is crucial in mediating the relationships among experience, independence, expertise, competence, evidence, and repurchase intention. While experience and independence impacted external auditor performance through customer QCS, QCS only demonstrated a partial mediating effect on the connection between expertise, competence, evidence, and external auditor performance.

6. Implications

6.1. Theoretical Implication

External auditors assure shareholders regarding the accuracy of a company's financial reports. The successful execution of auditing relies heavily on auditor independence [43]. Existing literature consistently highlights the significance of industry specialization concerning both audit quality and financial reporting [16, 18]. By functioning as reliable and knowledgeable agents, external auditors greatly minimize the risks associated with information asymmetry and managerial self-interest. Among the five crucial components of external audit quality (EAQ), auditor industry specialization stands out as particularly critical.

This study integrates technology research insights through IFRS to advance existing theoretical frameworks. A significant contribution is the enhancement of the IFRS framework by introducing 'Experience' and 'Independence' as precursors to the 'Quality Control System' (QCS). QCS is further conceptualized as a mediating construct within these relationships. Unlike the findings of Agba and Gbodiyan [4] and David et al. [8] in voluntary adoption contexts, neither 'Independence' nor 'Experience' directly influenced behavioral intention. Instead, their influence on 'External Auditor Performance' (EAP) operates indirectly through QCS.

Additionally, Social Cognitive Theory (SCT) was employed to explain the importance of 'Expertise and Competence' in the online shopping context. The results indicated that consumers with high levels of online expertise and competence exhibit superior abilities to evaluate online retailer quality, effectively navigate e-commerce sites, and protect their digital privacy. These heightened skills are linked to improvements in QCS and EAP.

6.2. Managerial Implication

This research provides essential strategic insights for practitioners. Online merchants should prioritize continuous website maintenance to prevent downtime and enhance functionalities that improve product categorization, search efficiency, selection processes, and the recommendation system.

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These enhancements increase customers' sense of independence. Creating a highly user-friendly online shopping platform is also vital, as it reduces customer effort and showcases the retailer's skill and proficiency. This methodology strengthens internal quality management and positively affects outside audits. User-friendliness can be achieved through clear content presentation and the inclusion of brief online video guides. Additionally, solid evidence is crucial for customers to evaluate quality. Therefore, online retailers must build a credible reputation and offer irrefutable proof of enduring customer loyalty, which is most effectively accomplished via third-party endorsements and responsive, reliable customer support.

6.3. Limitations and Further Studies

External auditors are required to possess certifications as professional accountants with recognized qualifications. Public sector auditing operates across federal, state, and local government levels, encompassing diverse entities, including ministries, agencies, and public enterprises. The primary objective of the public sector is to improve citizens' well-being by delivering essential services such as healthcare, education, transportation, and public safety. This aligns with the research conducted by Agba and Gbodiyan [4]; Bailey et al. [12]; Fang et al. [27]; Wahidahwati and Asyik [41], and Taufiq [42], which highlighted common issues including inadequate funding to hire external auditing firms, the labor-intensive nature of external audits, the occurrence of inaccurate auditing reports, staffing shortages within auditing firms, and the risk of compromising external auditors.

This study has various potential limitations that provide insightful directions for future exploration. First, reliance on respondents' personal experiences with online purchases may have biased the results, as their previous positive or negative interactions could significantly shape their perceptions and feedback. Second, the sample mainly consisted of teenagers, limiting the applicability of the findings to a larger population and potentially leading to a non-representative sample. The research did not sufficiently investigate how the proposed model's relevance or structure might differ among various demographic groups, such as gender, age, and ethnicity. To address these limitations, future research should incorporate more diverse samples that reflect a wider range of ages, genders, and ethnic backgrounds. This is essential because demographic groups differ in purchasing abilities, consumption habits, and lifestyles, which could greatly affect the model's validity and applicability.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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Thank you to all parties who participated, as well as the editors and reviewers of this journal. This manuscript has not been published or submitted for consideration in any other venue. All participants gave their informed consent, and the study received approval from the ethics committee. We have adhered to the guidelines outlined by your journal, and the study remains in compliance with all of them.

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