

How to Cite

Pratiwi, N. M. W. D., Bagiada, I. M., Sudiadnyani, I. G. A. O., Putrayasa, I. M. A., & Pramitari, I. G. A. A. (2023). Does time budget pressure effect quality audit?. *International Journal of Business, Economics & Management*, 6(2), 99-104. <https://doi.org/10.21744/ijbem.v6n2.2110>

Does Time Budget Pressure Effect Quality Audit?

Ni Made Wirasyanti Dwi Pratiwi

Politeknik Negeri Bali, Badung, Indonesia

Corresponding author email: wirasyantidwipratiwi@pnb.ac.id

I Made Bagiada

Politeknik Negeri Bali, Badung, Indonesia

I Gusti Agung Oka Sudiadnyani

Politeknik Negeri Bali, Badung, Indonesia

I Made Agus Putrayasa

Politeknik Negeri Bali, Badung, Indonesia

I Gusti Ayu Astri Pramitari

Politeknik Negeri Bali, Badung, Indonesia

Abstract---Financial statements need to be audited by a public accountant as an independent third party outside the company to avoid mistakes that occur. Audited financial reports are more reliable. This study aims to find out and provide empirical evidence of the effect of time budget pressure on audit quality. This study took samples based on the non-probability sampling method with saturated sample techniques so that all auditors in the Public Accounting Firm Bali Province registered at IAPI became the sample. The regression analysis technique in this study is using a simple regression analysis technique. The results of the study show that time budget pressure has a negative and significant effect on audit quality.

Keywords---audit quality, effect quality audit, financial reports, public accountant, time budget pressure.

Introduction

Financial reports are reports that contain information about the finances of an organization at a certain time. Financial reports are prepared and published to be able to provide financial information for external parties and internal parties of the company. The existence of financial reports is very important, because by looking at the financial statements we can find out the company's financial information for a certain period and know the actual condition of the company. The reason a financial statement needs to be audited by a public accountant is to avoid mistakes that can occur, because the accountant is considered an independent party. If the financial statements have not gone through the audit process, then the report is naturally less trusted by interested parties. Services provided by Public Accounting Firm in auditing financial statements are not always independent. This can be seen from the cases of financial reports involving several companies and auditors, for example the failed audits of Kimia Farma and Bank Lippo (Pradipta & Budiarta, 2016; Restuningdiah & Indriantoro, 2000; Suwardi, 2010; Tan et al., 2002; Tubbs, 1992; Widiarta, 2013).

The right time budget can be used as a basis for estimating costs arising from the audit process. If the time required to complete a given audit task is too long, this can affect audit costs and the effectiveness of the audit process. Clients could move to another Public Accounting Firm if the time required to complete the assigned task is too long and the costs incurred by the client are high. Previous research conducted by Prasita & Adi (2007), stated

that the time budget has a negative and significant effect on audit quality. The results obtained are in line with research conducted by [Ningsih et al. \(2013\)](#); [Kurnia et al. \(2014\)](#). This research states that the higher or narrower the time budget pressure given by the client to the auditor, can cause a decrease in the quality of the audit that will be produced.

Research with different results was conducted by [Julita et al. \(2015\)](#); [Arisinta \(2013\)](#) which found that time budget pressure had a positive and significant effect on audit quality. This research states that the narrower the time budget pressure exerted by the client on the auditor in completing audit assignments, the higher the resulting audit quality will be. Apart from being influenced by time budget pressure, audit quality is also influenced by other factors, namely audit complexity. Audit complexity can be interpreted as a complex task, difficult to measure and confusing objectively, because everyone's perspective is different. It depends on how each individual responds to the difficulty of the task given. Complexity can arise from the ambiguity of a task and a weak task structure, both in the main tasks and other tasks. The complexity of the audit can be influenced by several factors, for example due to high ambiguity, the amount of irrelevant information and the audit process will be more complex also due to the high task difficulty and task variability.

This research has theoretical and practical uses. Theoretically, it is expected to provide additional insight and knowledge regarding the effect of time budget pressure and audit complexity on audit quality, which is moderated by auditor experience. It is hoped that the results of this study can also provide empirical evidence and better know what are the factors that influence audit quality, can be used as a comparison and refinement of previous studies, and used as a reference for further research, to find out what factors can affect audit quality. It is hoped that the practical usefulness of this research can be used as a consideration for auditors to continue to improve and also produce good audit quality and the results of this study are expected to be a support for creating a better quality audit report ([Braun, 2000](#); [Arentze & Timmermans, 2009](#)).

Agency theory and agency conflict are theories that support the influence of time budget pressure variables and audit complexity on audit quality. This theory is a theory that describes the relationship between the principal and the agent. Agents are parties who are given authority and also trust from the principal to manage company assets and are also parties who make decisions based on the interests of shareholders. Agents as management in the company are compared to principals, in terms of having more and better information. This can lead to information asymmetry. The existence of information asymmetry will cause agency costs to arise ([Beyer et al., 2010](#); [Debreceeny et al., 2002](#); [Yakn & Erdil, 2012](#); [Aranya et al., 1981](#)).

[DeZoort \(1998\)](#) defines time budget pressure as a pressure that arises due to limited time budgeted in completing a given task. Time budget pressure reflects a condition that reflects an auditor to perform efficiency on a predetermined time budget ([Sososutikno, 2003](#)). If the specified time allocation is very limited, then there is a possibility that the auditors will compensate for the work they are doing more quickly and also focus on only tasks that are considered important, so that the quality of the resulting audit will be poor ([Waggoner & Cashell, 1991](#)). [Coram et al. \(2003\)](#) stated that the decline in audit quality was due to the very limited budgeted time. Research conducted by [Prasita & Adi \(2007\)](#); [Ratha & Ramantha \(2015\)](#); [Pratama & Merkusiwati \(2015\)](#) states that there is a negative relationship between the effect of time budget pressure on audit quality where it is said that the narrower the audit time required by the auditor can reduce the audit quality. So, the hypothesis of this study ([Stoel et al., 2012](#); [Francis, 2004](#); [Zahmatkesh & Rezazadeh, 2017](#); [Daniels & Booker, 2011](#)).

H1: Time budget pressure has a negative effect on audit quality.

Methods

The location of the research conducted was Public Accounting Firm in Bali Province. This Public Accounting Firm is a member of IAPI and has been registered in the Indonesian Public Accounting Firm directory. The research object of this study is auditor experience moderating the effect of time budget pressure and audit complexity on audit quality produced by auditors at Public Accounting Firm Bali Province registered with IAPI in 2016. The variables used in this study are: the dependent variable used is audit quality. The independent variable used is time budget pressure. As well as the moderating variable of auditor experience. The entire number of auditors who work at Public Accounting Firm in Bali Province and have been registered with IAPI in 2016 is used as the population in this study and the total is 67 people ([Mohd-Sanusi & Mohd-Iskandar, 2006](#); [Jensen & Meckling, 1976](#); [Margheim et al., 2005](#); [Messier et al., 2008](#); [Nurhayati, 2015](#); [Pebryanto, 2013](#)).

The sample in this study was selected in such a way and is expected to be used to represent the nature of the population. Non-probability sampling with saturated sampling technique is the method in this study. Saturated

sampling technique is the selection of samples when the entire population is used as a sample. Quantitative data in this study include, namely, all auditors working at Public Accounting Firm and the results of the questionnaire answers (Futri & Juliarsa, 2014; Sulindawati et al., 2014; Simarmata & Fatmala, 2017). Qualitative data in this study namely, the name of the Public Accounting Firm in the Province of Bali, the general description of the Public Accounting Firm of the Province of Bali, and the organizational structure of the Public Accounting Firm of the Province of Bali. The primary data collection method is the method in this study, namely a questionnaire in the form of a list of questions that will be given to respondents (Choo & Trotman, 1991; Chung & Monroe, 2001; DeAngelo, 1981; Eisenhardt, 1989; Elisha & Icu, 2010; Engko & Gudono, 2007).

Results and Discussion

The results of the following data analysis and the discussion that has been carried out include the results of descriptive statistical tests for each of the variables used. Furthermore, it is also explained the results of the validity test, reliability test, classic assumption test, and the results of the regression test without and with moderating variables.

Table 1
Descriptive Statistic

Variable	N	Min.	Max.	Mean	Std. Deviation
Time Budget Pressure (X)	36	1,00	3,79	1,7467	0,92606
Audit Quality (Y)	36	1,24	3,95	3,2525	0,93691

Primary Data, 2022

Time budget pressure (X1) has the lowest value 1.00, the highest value is 3.79, the average value is 1.7467 and the standard deviation is 0.92606. Based on the table, it shows that the standard deviation of the data from the mean value is 0.92606. The average value of 1.7467 indicates that the respondents' answers on average lead to the lowest value, this means that the respondent has experienced time budget pressure in conducting audits. Audit Quality (Y) has the lowest value 1.24, the highest value is 3.95, the average value is 3.2525 and the standard deviation is 0.93691. Based on the table, it shows that the standard deviation of the data from the mean value is 0.93691. The average value of 3.2525 indicates that the respondents' answers on average lead to the highest score, this means that the respondents are improving audit quality in conducting audits.

Table 2
Regression Analysis

Variable	Unstandardized Coefficients		Standardized Coefficients	T	Significant
	B	Std. Error	Beta		
(Constant)	3,803	,592		6,424	0,000
Time Budget Pressure	-0,373	0,116	-0,368	-3,204	0,003

Primary Data, 2022

Based on the information in Table 2, it means that the regression coefficient variable from time budget pressure is -0.373 and for its significance value is 0.003. This means that the time budget pressure variable has a negative and significant effect on audit quality. Therefore, H1 in this study is accepted. The coefficient with a negative direction explains that the narrower the time budget pressure experienced by the auditor can lead to a decrease in the resulting audit quality (Ahituv et al., 1998; Azad, 1994; Basuki & Mahardani, 2006). This study gives the result that, indications of pressure due to the limited time that has been set, can cause stress which will later encourage an auditor to act in violation of auditing standards that apply in Indonesia. This of course can also encourage an auditor to behave inappropriately (unethically) or dysfunctional, which in turn will have an impact on the performance of the auditor himself, namely the low quality of the audit that will be produced. The research results from McDaniel (1998) found that time budget pressure can reduce the effectiveness and efficiency of audits conducted. This supports the research of Prasita & Adi (2007); Aisyah & Sukirman (2015); Khadilah et al. (2015); Ningsih et al. (2013); Putra (2013); Nirmala & Cahyonowati (2013).

Conclusion

The results that have been obtained and also the discussion that has been presented above, the conclusion from this research is that time budget pressure has a negative and significant effect on audit quality. The results of the time budget pressure variable questionnaire on the limited assignment time indicator, the respondent should be able to meet the work target with a predetermined time, on the indicator of understanding the time budget, Public Accounting Firm should communicate more about the time budget in completing audit assignments.

References

- Ahituv, N., Igbaria, M., & Sella, A. V. (1998). The effects of time pressure and completeness of information on decision making. *Journal of management information systems*, 15(2), 153-172.
- Aisyah, E. A., & Sukirman, S. (2015). Hubungan Pengalaman, Time Budget Pressure, Kompensasi Terhadap Kualitas Audit Pada Kantor Akuntan Publik (KAP) Di Kota Semarang. *Accounting Analysis Journal*, 4(1).
- Aranya, N., Pollock, J., & Amernic, J. (1981). An examination of professional commitment in public accounting. *Accounting, Organizations and Society*, 6(4), 271-280. [https://doi.org/10.1016/0361-3682\(81\)90007-6](https://doi.org/10.1016/0361-3682(81)90007-6)
- Arentze, T. A., & Timmermans, H. J. (2009). A need-based model of multi-day, multi-person activity generation. *Transportation Research Part B: Methodological*, 43(2), 251-265. <https://doi.org/10.1016/j.trb.2008.05.007>
- Arisinta, O. (2013). Pengaruh kompetensi, independensi, time budget pressure, dan audit fee terhadap kualitas audit pada kantor akuntan publik di Surabaya. *Majalah Ekonomi Universitas Airlangga*, 23(3), 3989.
- Azad, A. N. (1994). Time budget pressure and filtering of time practices in internal auditing: a survey. *Managerial Auditing Journal*.
- Basuki, B., & Mahardani, K. Y. (2006). Pengaruh tekanan anggaran waktu terhadap perilaku disfungsional auditor dan kualitas audit pada kantor akuntan publik di Surabaya. *Jurnal Manajemen, Akuntansi & Sistem Informasi*, 6(2), 203-223.
- Beyer, A., Cohen, D. A., Lys, T. Z., & Walther, B. R. (2010). The financial reporting environment: Review of the recent literature. *Journal of accounting and economics*, 50(2-3), 296-343. <https://doi.org/10.1016/j.jacceco.2010.10.003>
- Braun, R. L. (2000). The effect of time pressure on auditor attention to qualitative aspects of misstatements indicative of potential fraudulent financial reporting. *Accounting, Organizations and Society*, 25(3), 243-259. [https://doi.org/10.1016/S0361-3682\(99\)00044-6](https://doi.org/10.1016/S0361-3682(99)00044-6)
- Choo, F., & Trotman, K. T. (1991). The relationship between knowledge structure and judgments for experienced and inexperienced auditors. *Accounting Review*, 464-485.
- Chung, J., & Monroe, G. S. (2001). A research note on the effects of gender and task complexity on an audit judgment. *Behavioral Research in Accounting*, 13(1), 111-125.
- Coram, P., Ng, J., & Woodliff, D. (2003). A survey of time budget pressure and reduced audit quality among Australian auditors. *Australian Accounting Review*, 13(29), 38-44.
- Daniels, B. W., & Booker, Q. (2011). The effects of audit firm rotation on perceived auditor independence and audit quality. *Research in Accounting Regulation*, 23(1), 78-82. <https://doi.org/10.1016/j.racreg.2011.03.008>
- DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of accounting and economics*, 3(3), 183-199.
- Debreceny, R., Gray, G. L., & Rahman, A. (2002). The determinants of Internet financial reporting. *Journal of Accounting and Public Policy*, 21(4-5), 371-394. [https://doi.org/10.1016/S0278-4254\(02\)00067-4](https://doi.org/10.1016/S0278-4254(02)00067-4)
- DeZoort, F. T. (1998). Time pressure research in auditing: Implications for practice. *The Auditor's Report*, 22(1), 11-12.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of management review*, 14(1), 57-74.
- Elisha, M. S., & Icut, R. B. (2010). Pengaruh Independensi, Pengalaman, Due Professional Care, dan Akuntabilitas Terhadap Kualitas Audit. *Purwokerto: Jurnal Simposium Nasional Akuntansi XIII*.
- Engko, C., & Gudono, G. (2007). Pengaruh kompleksitas tugas dan Locus of Control terhadap hubungan antara gaya kepemimpinan dan kepuasan kerja auditor. *Jurnal Akuntansi dan Auditing Indonesia*, 11(2).
- Francis, J. R. (2004). What do we know about audit quality?. *The British accounting review*, 36(4), 345-368. <https://doi.org/10.1016/j.bar.2004.09.003>
- Futri, P. S., & Juliarsa, G. (2014). Pengaruh independensi, profesionalisme, tingkat pendidikan, etika profesi, pengalaman, dan kepuasan kerja auditor terhadap kualitas audit pada Kantor Akuntan Publik di Bali. *E-Jurnal Akuntansi Universitas Udayana*, 8(1), 41-58.

- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4), 305-360.
- Julita, J., Hardi, H., & Jelista, M. (2015). *Pengaruh Kompleksitas Audit, Tekanan Anggaran Waktu, dan Pengalaman Auditor terhadap Kualitas Audit dengan Variabel Moderating Sistem Informasi (Studi Empiris pada Kantor Akuntan Publik di Pekanbaru, Medan dan Padang)* (Doctoral dissertation, Riau University).
- Khadilah, R. R., Purnamasari, P., & Gunawan, H. (2015). Pengaruh Time Budget Pressure, Pengalaman Auditor, Etika Auditor, dan Kompleksitas Audit Terhadap Kualitas Audit. *Prosiding Akuntansi*, 236-243.
- Kurnia, W., Khomsiyah, K., & Sofie, S. (2014). Pengaruh kompetensi, independensi, tekanan waktu, dan etika auditor terhadap kualitas audit. *Jurnal Akuntansi Trisakti*, 1(2), 49-67.
- Margheim, L., Kelley, T., & Pattison, D. (2005). An empirical analysis of the effects of auditor time budget pressure and time deadline pressure. *Journal of Applied Business Research (JABR)*, 21(1).
- McDaniel, L. S. (1988). *The effects of time pressure and audit program structure on audit effectiveness and efficiency*. University of Michigan.
- Messier, W. F., Glover, S. M., & Prawitt, D. F. (2008). *Auditing & assurance services: A systematic approach*. Boston, MA: McGraw-Hill Irwin.
- Mohd-Sanusi, Z., & Mohd-Iskandar, T. (2006). Audit judgment performance: assessing the effect of performance incentives, effort and task complexity. *Managerial Auditing Journal*, 22(1), 34-52.
- Ningsih, A. A., Cahaya, P. R., Yaniartha, P. D., & Dyan, P. (2013). Pengaruh Kompetensi, Independensi, dan Time Budget Pressure terhadap Kualitas Audit. *E-Jurnal Akuntansi Universitas Udayana*, 4(1), 92-109.
- Nirmala, R. P. A., & Cahyonowati, N. (2013). Pengaruh independensi, pengalaman, due professional care, akuntabilitas, kompleksitas audit, dan time budget pressure terhadap kualitas audit (Studi Empiris pada Auditor KAP di Jawa Tengah dan DIY). *Diponegoro Journal of Accounting*, 786-798.
- Nurhayati, E. (2015). Pengaruh Pengalaman, Independensi, dan Time Budget Pressure Terhadap Kualitas Audit Dengan Etika Sebagai Variabel Pemoderasi (Studi Empiris pada Auditor di KAP Bandung). *Jurnal Riset Keuangan dan Akuntansi*, 1(02).
- Pebryanto, S. (2013). *PENGARUH TINGKAT PENDIDIKAN FORMAL, PENGALAMAN KERJA, TINGKAT KUALIFIKASI PROFESI, DAN CONTINUING PROFESSIONAL DEVELOPMENT TERHADAP KUALITAS AUDIT DI BADAN PEMERIKSA KEUANGAN (BPK) RI PERWAKILAN SULAWESI SELATAN* (Doctoral dissertation, Uniniversitas Hasanuddin).
- Pradipta, G. K., & Budiarta, I. K. (2016). Tekanan Anggaran Waktu Sebagai Pemoderasi Pengaruh Profesionalisme Dan Pengalaman Audit Pada Kualitas Audit. *E-Jurnal Akuntansi*, 15(3), 1740-1766.
- Prasita, A., & Adi, P. H. (2007). Pengaruh kompleksitas audit dan tekanan anggaran waktu terhadap kualitas audit dengan moderasi pemahaman terhadap sistem informasi. *Jurnal Ekonomi dan Bisnis*, 13(1), 54-78.
- Pratama, I. M. I., & Merkusiwati, N. K. L. A. (2015). Pengaruh Time Budget Pressure, Risiko Kesalahan Audit, dan Masa Perikatan Audit Terhadap Kualitas Audit Pada Kantor Akuntan Publik Di Daerah Bali. *E-Jurnal Akuntansi Universitas Udayana*, 11(1), 211-219.
- Putra, I. G. C. (2013). Kualitas Audit Kantor Akuntan Publik Di Bali Ditinjau Dari Time Budget Pressure, Risiko Kesalahan, Dan Kompleksitas Audit. *Jurnal Ilmiah Akuntansi dan Humanika*, 2(2).
- Ratha, I. M. D. K., & Ramantha, I. W. (2015). Pengaruh due professional care, akuntabilitas, kompleksitas audit, dan time budget pressure terhadap kualitas audit. *E-Jurnal Akuntansi Universitas Udayana*, 13(1), 311-339.
- Restuningdiah, N., & Indriantoro, N. (2000). Pengaruh Partisipasi terhadap kepuasan pengguna dalam pengembangan system informasi dengan kompleksitas tugas, kompleksitas sistem dan pengaruh pengguna sebagai moderating variable. *Jurnal Analisis Bisnis dan Ekonomi*, 2(2), 105-123.
- Simarmata, J., & Fatmala, R. S. (2017). Pengaruh Kompetensi, Time Budget Pressure Dan Etika Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik Di Jakarta Selatan). *Jurnal Liabilitas*, 2(2), 20-35.
- Sosotutiksno, C. (2003). *Hubungan tekanan anggaran waktu dengan perilaku disfungsional serta pengaruhnya terhadap kualitas audit* (Doctoral dissertation, Universitas Gadjah Mada).
- Stoel, D., Havelka, D., & Merhout, J. W. (2012). An analysis of attributes that impact information technology audit quality: A study of IT and financial audit practitioners. *International Journal of Accounting Information Systems*, 13(1), 60-79. <https://doi.org/10.1016/j.accinf.2011.11.001>
- Sulindawati, N. L. G. E., SE Ak, M., Herawati, N. T., & AK, S. (2014). PENGARUH KEAHLIAN AUDIT, KOMPLEKSITAS TUGAS, DAN ETIKA PROFESI TERHADAP KUALITAS AUDIT (Studi Pada Inspektorat Pemerintah Kota Denpasar dan Inspektorat Pemerintah Kabupaten Gianyar). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 2(1).
- Suwardi, B. B. (2010). *Pengaruh tekanan anggaran waktu dan kompleksitas audit terhadap kualitas audit (Studi empiris pada kantor akuntan publik)* (Doctoral dissertation, UAJY).

- Tan, H. T., Ng, T. B. P., & Mak, B. W. Y. (2002). The effects of task complexity on auditors' performance: The impact of accountability and knowledge. *Auditing: A Journal of Practice & Theory*, 21(2), 81-95.
- Tubbs, R. M. (1992). The effect of experience on the auditor's organization and amount of knowledge. *Accounting Review*, 783-801.
- Waggoner, J. B., & Cashell, J. D. (1991). The impact of time pressure on auditor's performance. *Ohio CPA Journal*, 50(1), 27-32.
- Widiarta, W. (2013). Pengaruh Gender, Umur dan Kompleksitas Tugas Auditor Pada Kualitas Audit Kantor Akuntan Publik Di Bali. *E-Jurnal Akuntansi Universitas Udayana*, 3(1), 109-118.
- Yakin, M., & Erdil, O. (2012). Relationships between self-efficacy and work engagement and the effects on job satisfaction: a survey on certified public accountants. *Procedia-Social and Behavioral Sciences*, 58, 370-378. <https://doi.org/10.1016/j.sbspro.2012.09.1013>
- Zahmatkesh, S., & Rezazadeh, J. (2017). The effect of auditor features on audit quality. *Tékhne*, 15(2), 79-87. <https://doi.org/10.1016/j.tekhne.2017.09.003>