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**MEDIATING EFFECT OF PROFESSIONAL SKEPTICISM ON THE
RELATIONSHIP BETWEEN PROFESSIONAL ETHICS AND AUDIT
QUALITY**

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Abstract

This study assesses the mediating effects of professional skepticism on the relationship between professional ethics and audit quality. One hundred and seven (107) auditors out of one hundred and sixty (160) were selected as sample for the study. Data was collected from primary sources where a questionnaire was administered to the sample selected. PLS path model was used in analysing the data. The findings revealed a direct effect relationship between the variables with significant and positive relationship between professional ethics and auditor's skepticism, audit quality as well as professional ethics and audit quality. It further reveals an indirect effect relationship between professional ethics and audit quality with professional skepticism as a mediator. The study concluded that Professional ethics enhances auditor's skepticism to produce quality audit work; adhering to the principles of professional ethics is necessary for improving the skeptical attitude of an auditor so as to have a high quality audit work. The study recommends that the regulators and standard setters should strictly enforce and continue to emphasize the importance of applying professional skepticism in auditing and auditors should have adequate knowledge

of professional ethics and comply fully with them so as to improve their skeptical attitude. Finally, the Accountancy firms should ensure monitoring of their auditors in order to make them apply professional skepticism during audit engagement.

Keywords: *Professional Ethics, Professional Skepticism, Audit Quality*

1. Introduction

Professional ethics in accounting is a set of ethical rules which affect the professional conduct of auditors in discharging their professional duties. These rules give potential clients a basis for feeling confident of audit services provided (Nwagboso, 2008). Complying with the codes of professional ethics becomes necessary for auditors in the performance of their professional engagement as prescribed by professional bodies (Isa, 2010). Professional skepticism represents an attitude of an auditor involving a questioning mind. It is an important attribute that involves curiosity and inquisitiveness in a professional setting (Glover & Prawitt, 2013). Subianto (2018) views auditor professional skepticism as an attitude that improves the quality of the resulting audit. However, this assertion informs that the independence of an auditor is necessary for applying proper professional skepticism, depending on auditor's ability to adhere to the rules of professional conduct. Compliance with the code of professional ethics is significant to auditors in the discharge of their professional obligations and maintenance of standard. The issue of the auditing profession in Nigeria seems to be filled with unethical crisis as a result of errors made in judgements and decisions taken by an auditor. The cases of unethical accounting practices in Nigeria such as Pan Pharmaceutical crisis which indicates intentional presentation of inadequate disclosures of financial information of the company.

In Nigeria, Enofe, Ukpebur & Ogbonna (2015) conducted research on auditor professional skepticism. Similar researches were conducted on professional ethics and its effect on quality of auditing by Isa (2010), Famous & Izedonmi (2013), Bukola & Enofe (2013), Ezugwu (2014) among other related studies. However, to the best of the researchers' knowledge most studies on professional ethics have not dwelt adequately on the subject matter; this is the motivating factor behind this study, to examine the mediating effects of professional skepticism on the relationship between professional ethics and audit quality in Nigeria. The study covers accountancy firms under the Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) in Kano

metropolis for the period under study (2019). This study tests and analyses the utilitarian theory that suggests an action or practice is right when compared with an alternative action or practice. It also implies that individuals should choose the most beneficial and good actions instead of those that can easily harm the ethical conduct expected from an auditor; he can choose an action that can give or generate the greatest happiness to the entire society with the least harm. It also measures Kant's theory, on which Gomez (2012) opines that a sense of duty is codified in universal law principles. This implies that, the correct action taken by an auditor is the one that complies with the required code of professional ethics for auditors. In line with this, null hypotheses are formed to guide the analysis of the study: H0₁: Professional Ethics have no significant effect on audit quality, H0₂: Auditor skepticism has no significant effect on audit quality, H0₃: The mediating role of Professional skepticism has no significant effect on the relationship between professional ethics and audit quality.

2.0 Literature Review

2.1 The Concept of Auditor Professional Ethics

International Federation of Accountants (IFAC) code of ethics established standards that address issues concerning the skeptical attitude of an auditor and present the fundamental principles that guide the achievement of the expected common objectives. The code that adopts principle based approach presents five ethical issues which include integrity, objectivity, professional competence, confidentiality and professional behaviour (IFAC, 2006). Auditors are expected to observe these fundamental principles contained in IFAC code of ethics to enable them earn confidence and respect from their clients. In Nigeria, the two recognised accounting professional bodies (ICAN & ANAN) adopt code of ethics for auditors similar to what is provided by IFAC to ensure efficient discharge of professional duties. The code of ethics provided by ICAN is a principle-based code which states five fundamental principles that every member is expected to observe and comply with and these include:

Integrity of a member: where a member is expected to be honest, sincere and straightforward in discharging his or her professional duties and earn respect from a client. Objectivity: where a member is expected to be free from bias, conflict of interest, and influence of others that may affect his professional judgement. Professional competence and due care: a member is expected to maintain his professional knowledge and skills to provide services that meet the expectations of his client. His dedication and service delivery shall be in accordance with

professional standards. Confidentiality: a member should respect the confidentiality of information gathered in the course of discharging his professional duties and relationship with his client. A member shall not disclose such information to the third party without the consent of the client, legal backing, or professional right or duty. It shall not be used for personal advantage of a member or third party. Professional behaviour: a member is expected to comply with relevant laws and regulations and should not be involve in any action that may discredit the profession, a member should exhibit good behaviour to all with whom he comes into contact with in a professional capacity.

The code of ethics provided by ANAN states the principles of professional ethics which include: Integrity of a member: this explains integrity of an auditor as being straight forward and honest, fair and transparent in all professional and business relationship with client. An auditor must not associate himself with reports, and information that he believes contain material misstatements or information that would be misleading. Objectivity of a member: this explains the actions of auditors, that is, fairness without bias, conflict of interest and influence of others. Auditors should not receive or collect gifts from clients that may influence his professional judgement in conducting audit services. A professional auditor must not perform professional services if such services may affect his/her objectivity. Professional Competence and due care: this principle requires an auditor to maintain professional knowledge and skill to deliver efficient and competent professional services; to observe and comply with technical and professional standards when conducting professional services. Confidentiality: this principle requires an auditor to respect confidentiality of information and should not disclose information to third party unless there is a legal right to disclose. Disclosing any confidential information to a third party without permission from client or legal backing is a professional misconduct which results to punishment. Professional behaviour: this principle deals with professional behaviour of an auditor, where an auditor is expected to behave and act normally in discharging his professional duties. A member should avoid any actions that may discredit the profession.

2.2 Audit Quality

The concept of Audit Quality does not have a unique definition that has gained universal recognition and acceptance. It is a multi-faceted concept. De Angelo (1981) defines Audit Quality as market assessed joint probability that a given auditor will both discover a breach in the client's accounting system and also

report the breach. This definition attempts to highlight the sincerity of the audit firm, competence and ability to detect material misstatements and also independence of an auditor to objectively report material errors or misstatements in the client's financial statements.

Salehi & Kangarlovei (2010) divides audit quality into two main categories, that is, financial statement users' perception and auditors' ability and experience. The financial statement users' perception reflects the ways in which users perceive reliability of audit report, while auditor's ability and expertise describe the ability of an auditor to identify and report material misstatements. This idea informs that the users can only rely on reputation and experience auditor's opinion on the audited financial statements since they have no clear access to audit evidence especially during the audit process. Soltani (2014) views audit quality as auditor's ability to adopt some techniques, to identify errors in client's accounting system and inform the appropriate party about the irregularities. Lack of audit quality or poor audit quality may likely cause corporate scandal.

2.3 Auditor Professional Skepticism

The term skeptical auditors' attitude on exercising audit assignment implies that auditors are expected to critically question and evaluate the evidence available. Professional skepticism is an essential concept in the practice of auditing and perhaps contributes in enhancing good audit process and procedures and asks questions about any possible clue that will aid in detecting fraud (Louwers, Ramsay, Sinason, & Strawser, 2005).

Auditor Professional Skepticism is described by International Standard on Auditing (Isa, 2010) as an attitude that represents questioning of the mind, ability for one to be alert to conditions that necessitate possible material misstatement as a result of error and fraud, and authenticating the existence of audit evidence. This definition requires all professional auditors to plan and perform audit with a high degree of skepticism and to ensure that all circumstances that may result to or cause material misstatement in the audited financial statement are identified and reported appropriately.

2.4 Review Empirical Studies

A number studies were conducted on professional ethics which describe an accountant as an ethical subject where all concentrate on good character to address the legitimacy of the activities of accountants. Parker's (1994) and

Preston's (1995) studies are consistent with, Ana (2010), Mehul (2011), Jelic (2012), Flayyef, Bakar, & Othman (2014), Symsuddin, & Habbe (2014), all of whom studied the relevance of accounting ethics in ensuring the quality of audited financial statements. The results of their works support that of Adeyemi & Fagbemi (2011), Onuora & Okegbe (2015) and Enofe, Ukpebur & Ogbonna (2015). Alqtaish, Bakar & Othman (2014) examined the ethical rules of auditing and the impact of compliance with the ethical rules on auditing quality. These results show that a high degree of commitment to professional ethics influences the quality of audit and also the degree of influence on commitment to professional ethics on the quality of audit was uneven.

Oraka & Okegbe (2015) examined the impact of professional accounting ethics on quality assurance in audit by using 19 branches of money deposit banks in Enugu metropolis. The results indicate that professional accounting ethics is effective in ensuring quality audit. Anzeh & Abed (2015) investigated the extent of ethics education for undergraduate students in accounting at both public and private Jordanian Universities. The results show the pressing need for the introduction of ethics in the accounting curriculum especially in auditing courses as a module of study across Jordanian Universities. Akintunde, Amusat & Olumide (2016) examined professionalism, professional accounting bodies, professional accountants and professional ethical codes of conduct guiding accountants by collecting data from 50 professional accountants within Oyo State civil service commission using judgemental sampling techniques to obtain the sample. The study concludes that there is positive impact on professional accounting bodies in achieving accountability in managing the public funds in Nigeria. Minz, (2016) examined the importance of virtue to accountants as well as accounting education. He stresses the relevance of virtue to accounting students in California, USA. In similar vein, Desal (2016) examined the need for ethical accounting regulation in Navsari city by using 50 audit practitioners. The results of the study indicate that ethical attitude has tremendous influence on ethical accounting regulation in Navsari city.

Kusumawati & Syamsuddin (2018) examined the relationship between the variables, professional ethics and audit quality by using auditors in audit board of South Sulawesi, Indonesia. The result of their work shows a direct relationship between professional ethics and audit quality and indirect relationship of auditor quality on audit quality with professional scepticism as mediator. The relevance of professional skepticism in producing quality audit result has been seen in large

audit firms as evidenced by the work of Knechel, Sofla & Svanstrom (2018) who investigated the relationship between professional ethics, auditor compensation and audit quality in Big 4 and non-Big 4 audit firms. The interpretation of their work shows that Big 4 audit firms value professional skepticism which has a positive relationship with auditor's compensation, whereas non-Big 4 has not. The other result reveals no association between professional skepticism and auditor report in Big 4 audit firms but indicates a positive association in non-Big 4 audit firms.

2.6 Theoretical Framework

Ethical theories explain how people act and behave; it states conditions which show that an action is right, only if a specific condition occurs. These theories are viewed from two different schools of thought; the first school of thought discusses ethics of character. It states that, ethics of character concentrate on questions of what sort of people we should be. The ethics of character focus on goodness of a person's character for determining the rightness of actions instead of on universal laws (Jeffrey, 2012).

2.6.1 Utilitarian theory suggests that an action or practice is right when compared with any alternative action or practice, if it gives the highest balance of beneficial consequences or creates the lowest balance of bad consequences. According to Mill (1969), individuals should choose the best instead of the harmful. This implies that one is expected to choose alternatives that derive more benefit to the majority of people. Fisher and Lovell (2011) assert that, action is seen as right in proportion to its promotion of happiness and wrong as they produce the reverse. Principle of utility is an absolute principle which benefits the one and only supreme principle of ethics (Githui, 2012). As part of the ethical conduct expected of an auditor, he can choose an action that can generate greatest happiness to the society with least harm.

2.6.2 Kant's theory is derived from the concept that views a person as a moral agent, Gomez (2012) opines that a sense of duty is codified in universal law principles. A correct action is not always the one that maximises utility, rather, one has to follow the moral principles, which are capable of becoming universal moral laws. This informs that, the correct action taken by an auditor is the one that complies with the required code of professional ethics for auditors. Kant's action possesses moral worth only when duty was performed for its own sake.

The theory asserts that, individual action may possess a moral worth only when he does his duty for its own sake.

3.1 Data and Method

This study adopted Survey research design using quantitative approach. Partial Least Squares path modelling in conjunction with Smart PLS was used to test the hypothesis. This method is considered as appropriate because it is generally used when dealing with subject matter concerning behavioural research (Khamis & Yahya, 2015). The population of the study comprises of a number of practicing auditors of each accountancy firm of ICAN Kano District Society and ANAN. Data was collected using questionnaire from the existing accountancy firms in Kano metropolis. Considering the nature of the research, the study used Dillman (2007) formula for determining the appropriate sample size as shown in the equation below:

$$N_s = \frac{(NP)(P)(1-P)}{(NP-1) \left(\frac{B}{C}\right)^2 + (P)(1-P)}$$

P = Population proportion
B = Sample error
C = Confidence level

Where;

Ns = Sample size

Np = Size of population

In this study, B is given as 0.5 added to the actual population. C is the confidence level of 1.96 that corresponds with 95% level of confidence. Hence, the sample size of the study is determined as follows:

$$\begin{aligned} N_s &= \frac{(NP)(P)(1-P)}{(NP-1) \left(\frac{B}{C}\right)^2 + (P)(1-P)} \\ &= \frac{(162)(0.5)(1-0.5)}{(162) \left(\frac{0.05}{1.96}\right)^2 + (0.5)(1-0.5)} \\ &= \frac{40.5}{161 \times 0.000651 + 0.25} \\ &= \frac{40.5}{0.354811} = 114 \end{aligned}$$

From the above calculation, the sample size of the study obtained is one hundred and fourteen (114) with '+ 5% margin of error; formula is the same figure given in the table provided by Krejcie and Morgan (1970) sample size determination criterion. From the table of Krejcie and Morgan (1970), the population ranged between 160 to 170 has a sample size ranged from 113 to 118. In this study the sample size averaged at 114 which is appropriate for the study.

The Partial Least Squares (PLS) path modelling was used to test the theoretical model and hypotheses. The PLS technique is considered the most suitable technique because it provides appropriate and most efficient estimation technique for a series of separate multiple regression equations estimated simultaneously. (Hair, et al, 2010). Secondly, it is used for estimating the relationship between the constructs (structural model) and relationships between indicators and their corresponding latent constructs (measurement model) simultaneously (Chin, Marcolin, & Newsted, 2003, Duarte & Raposo, 2010). It is a friendly graphical user interface which help users create a moderating/mediating effect for path models with interaction effects (Temme, Kreis & Hildebrandt, 2006, 2010).

The study follows some steps in analysing the data. Firstly, the data collected was screened by using SPSS to ensure that it is suitable for the PLS analysis. Secondly, to justify the measurement model evaluation, individual item reliabilities, internal consistency reliabilities and outer loadings, convergent validity and discriminate validity were calculated by using Smart PLS software. Finally, analytical tools capable of handling complex causal models and which at the same time carry out factor analysis, that is, multiple regressions and path analysis, were employed. The questionnaire was administered to the practicing auditors of accountancy firms in Kano metropolis. The questionnaire was divided into four sections. The first section was on bio data and the subsequent sections were concerned with variables involved in each research objective. The structured questionnaire consists of closed-ended questions and a five point likert scale question stating Always, Sometimes, Don't know, Rarely and Never as options. The reason for choosing five-point likert scales over others in this study is because it is more suitable in enhancing the reliability of measures and reduces social desirability bias that could lead to distortion of the substantive results. Hence, respondent may not have prior knowledge of what is being investigated, therefore decreasing their tendency to respond in a particular way. This is in line with similar scales used in previous studies such as Palil (2010) and Kura, (2014).

4.1 Results and Discussions

The response rate for the data collection for this study is that, out of the 160 questionnaires distributed to the sample of auditors of various accountancy firms, 117 questionnaires were successfully returned duly responded, which represents 73 percent of the total questionnaires distributed. However, out of that total number of returned questionnaires, only 107 questionnaires representing 91 percent of the total distributed were appropriate for data analysis. Consequently, the remaining questionnaires representing 9 percent were removed from the data appropriate for analysis (Hair, Anderson, Tatham & black, 1998).

Table 4.1 Questionnaire Distribution and Response Rate

Questionnaire	Frequency	Percentage
Distributed questionnaire	160	100
Unreturned	43	27
Returned	117	73
Rejected	10	9
Retained	107	91

(Source: Compiled by the Researcher, 2019)

The response rate in this study is 91 percent out of 100 percent; this size is successfully adequate for data analysis. A response rate of 50 percent, 60 percent and 70 percent were considered adequate, good and very good respectively for data analysis (Babbie, 2007). In this study the response rate is considered as very good for data analysis.

4.1.1 The Effect of Professional Ethics on Auditor's Skepticism

This section explains the Assessment of Measurements Model which involves determining individual item reliability, internal consistency reliability and discriminate validity (Hair et al., 2014; Hair et al., 2011; Henseler et al., 2009).

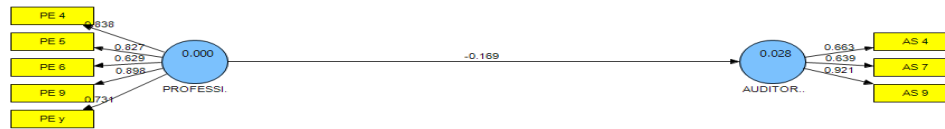


Figure 1. Measurement Model

Source: Generated by the Researcher using PLS Path Model.

4.4.2 Individual Item Reliability

Individual item reliability was assessed by examining the outer loadings of each construct measured (Duarte & Raposo, 2010, Hair et al., 2014, Hair et al 2011 and Hulland, 1999). However, only items with loading between 0.40 and 0.70 should be retained as the rule indicates (Hair et al, 2014). Therefore, out of 11 items, 3 were deleted because they presented loadings below the threshold of 0.40. Subsequently, only 8 items were retained as they presented loadings higher than 0.40.

4.4.3 Internal Consistency Reliability

Internal Consistency Reliability justifies that all items on a particular scale are measuring the same concept (Bijttebier et al, 2000, Sun et al, 2007), This study uses composite reliability coefficient as the most appropriate for the internal consistency reliability of measures adopted. This signifies that for any of the particular reliability coefficients used, an internal consistency reliability value above 0.70 is regarded as satisfactory for an adequate model, whereas a value below 0.60 indicates lack of reliability. Thus, the interpretation of internal consistency reliability using composite reliability coefficient should be at least .70 and above (Bagozzi & Yi, 1988, Hair et al, 2011).

Table 4.2 Parameter Estimates of the Measurement Model Evaluation

LATENT VARIABLE	INDICATORS	OUTER LOADINGS	INTERNAL RELIABILITY	CR	AVE
PROFESSIONAL ETHICS	PE 4	0.838	0.915	0.891	0.625
	PE 5	0.827	0.909		
	PE 6	0.629	0.793		
	PE 9	0.898	0.948		
	PE y	0.731	0.855		
AUDITORS SCEPTICISM	AS 4	0.663	0.843	0.791	0.565
	AS 7	0.639	0.773		
	AS 9	0.921	0.952		

(Source: Generated by the researcher by using PLS Path Model)

In table 4.2, after deleting items with poor loading, it shows the composite reliability coefficients of each latent construct which is given as 0.891 and 0.791 with each exceeding the minimum acceptable level of 0.70, indicating adequate internal reliability of the measures used in the study (Bagozzi & Yi, 1988, Hair et al, 2011).

4.4.4 Discriminant Validity

Discriminant validity represents the extent to which a particular latent construct is different from other latent constructs (Duarte & Raposo, 2010). Discriminant validity was achieved by using AVE, as suggested by Fornell and Larcker (1981). That is by comparing the correlations among the latent constructs with square root of average variance extracted (Fornell & Larcker, 1981).

The result of the hypothesis testing explains the direct effect relationship between the variables of the study. The p-value and t-value figures should fulfil the condition for the indirect effect relationship for the mediating variable to take place.

Table 4.4 Parameter Estimates of Direct Effect Relationships

Hypothesis	Path	Beta	SE	P – Value	t – Value	Decision
H01	Prof. Ethics Audit. Skepticism	->-0.124	0.047	0.005	2.626***	Reject
H02	Aud. Skepticism Audit Quality	->-0.265	0.053	0.000	5.008***	Reject
H03	Prof. Ethics Audit Quality	-> -0.209	0.038	0.000	5.488***	Reject

(Source: Generated by the researcher, using PLS Path Model)

The above test of Hypothesis is at 1% level of significance; the direct effect relationship shows the p-value < 0.005 or significant level at 1% rejecting Hypothesis 1 which predicted that there would be a positive relationship between professional ethics and auditor’s skepticism. Result in table 4.4 revealed a significant positive relationship between professional ethics and auditor’s skepticism ($\beta = -0.124$; $t = 2.626$; $p < 0.005$). Hypothesis 2; the p-value < 0.000 or 1% level of significance predicted that there would be a positive relationship between auditor skepticism and audit quality and the Results in table 4.1 revealed a significant positive relationship between auditor skepticism and audit quality ($\beta = -0.265$; $t = 5.008$; $p < 0.000$), leading to the rejection of Hypothesis 2.

Hypothesis 3 is equally rejected with a p-value < 0.000 or 1% level of significance predicted that there would be a positive relationship between professional ethics and audit quality. Results in table 4.1 revealed a significant positive relationship between professional ethics and audit quality ($\beta = 0.209$; $t = 5.488$; $p < 0.000$). The three Hypotheses are all rejected signifying a positive and significant relationship between the variables involved, thereby giving a ground for the mediating variable to take place. This is consistent with the results obtained by Syamsuddin, Abdul and Mediaty (2014) and Kusumawati & Syamsuddin (2018).

4.5 Mediating Effect of Professional Skepticism on the relationship between Professional Ethics and Audit Quality

4.5.1 Measurement Model Evaluation

The measurement model evaluation of this study was made-up of internal consistency reliability, individual items reliability and construct validity including convergent validity and discriminant validity (Hair, Hult, Ringle, & Sarstedt, 2014)

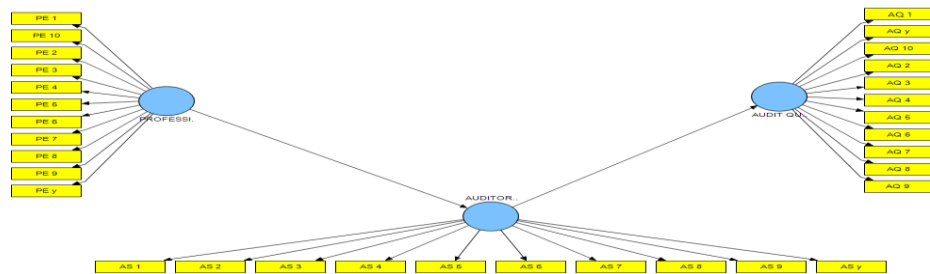


Figure 2. PLS Algorithm graph

PE = Professional Ethics, AS = Auditors Skepticism, AQ = Audit Quality

4.5.2 Individual Item Reliability

Individual item reliability was assessed by examining the outer loadings of each construct measured (Duarte & Raposo, 2010, Hair et al., 2014, Hair et al 2011, Hulland, 1999). However, only items with loadings between 0.40 and 0.70 should be retained as the rule indicates (Hair et al, 2014).

Figure 3 Measurement Model

Source: Generated by the Researcher, using PLS Path Model

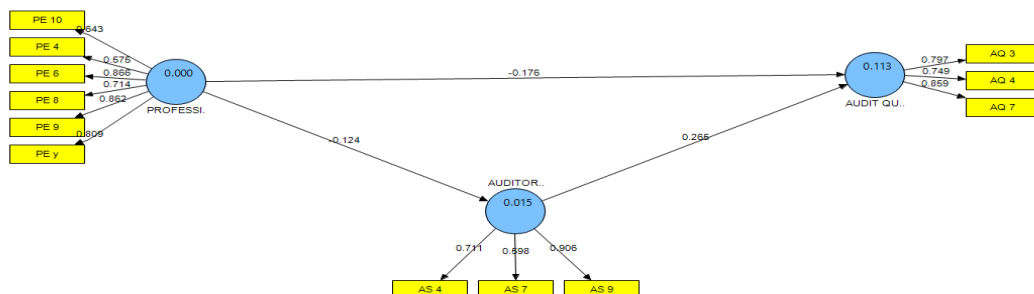


Figure 3, shows that out of 32 items, 20 were deleted because they presented loadings below the threshold of 0.40. Subsequently, only 12 items were retained as they present loadings higher than 0.40.

4.5.3 Internal Consistency Reliability

Internal Consistency Reliability refers to the extent to which all items on a particular (sub) scale measure the same concept (Bijttebier et al, 2000, Sun et al, 2007). Commonly used estimators of internal consistency reliability are composite reliability coefficient and cronbachs alpha coefficient. This study chose composite reliability coefficient which is the most appropriate for the internal consistency reliability of the measures adopted (Gotz, Liehr-Gobbers, & Krafft, 2010). The composite reliability informs that all indicators have different loadings and can be interpreted in the same way as Cronbach α . This indicates that for any of the particular reliability coefficients used, an internal consistency reliability value above 0.70 is regarded as satisfactory for an adequate model, whereas a value below 0.60 indicates lack of reliability. Thus, the interpretation of internal consistency reliability using composite reliability coefficient should be at least .70 and above (Bagozzi & Yi, 1988, as well as Hair et al, 2011).

Table 4.5 Parameters Estimates of the Measurement Model Evaluation

Latent Variable	Indicators	Outer Loadings	Internal Reliability	CR	AVE
Prof.Ethics (PE)					
PE10	0.643	0.802		0.885	0.567
PE 4	0.575	0.758			
PE 6	0.866	0.931			
PE 8	0.714	0.845			
PE 9	0.863	0.929			
PE y	0.809	0.899			
Aud. Skep (AS)					
AS 4	0.711	0.843		0.789	0.561
AS 7	0.598	0.773			
AS 9	0.906	0.952			
Aud. Quality(AQ)					
AQ 3	0.797	0.893		0.844	0.645
AQ 4	0.749	0.865			
AQ 7	0.859	0.927			

(Source: Generated by the researcher, using PLS Path Model)

In the evaluation of internal consistency reliability in this work, outer loadings and their respective indicators of reliability are presented to portray composite reliability. This is because, composite reliability must be 0.05 (Hair et al., 2014). However, Hulland (1990) argues that the indicator is said to be reliable if the value is 0.40 or above. The result of this study reveals that all indicators are reliable. Hence, the values are greater than 0.40 as recommended. Similarly, all composite reliability (CR) measurements are more than the cut-off values of 0.70 recommended by (Hair et al., 2014). This indicates that all the constructs are reliable as shown in table 4.5. This result of indirect effect relationship is in line with Syamsuddin, Abdul, & Mediaty, (2014), which shows that BPK auditors' strict adherence to the principles of code of professional ethics produces quality audit work. This is also similar to the result given by Enofe, Ukpebur, & Ogbomo,

(2015) and Nelson (2009) which shows that auditors with ethics tend to produce better quality audit work than auditors without ethics.

R square value is another important criterion for assessing the structural model in PLS-SEM which is also known as the coefficient of determination (Hair et al, 2011, Hair et al, 2012, Henseler et al, 2009). The R-square value represents the proportion of variation in the dependent variable (s) that can be explained by one or more predictor variable (Elliott & Woodward, 2007, Hair et al, 2010).

$R^2 = 0.745$. The acceptable level of R^2 depends on the research context (Hair et al, 2010). Falk & Miller (1992) propose an R-square value of 0.10 as a minimum acceptable level. Thus, Chin (1998) suggest that the R-square values of 0.67, 0.33 and 0.19 in PLS-SEM can be considered as substantial, moderate and weak, respectively. As a degree of models predictive accuracy, R^2 represents the exogenous constructs combined effect on the endogenous constructs. Scholarly researches consider 0.67, 0.33 and 0.19 as substantial, moderate and weak respectively (Chin, 1998). In this structural model, the exogenous variable (Professional Ethics) explained 74.5% of the variance in Audit Quality as dependent variable.

The results of the PLS path model shows that professional ethics significantly and positively affected auditor skepticism. This implies that an auditor's knowledge of fraud improves his professional skepticism in auditing client financial statements, auditor's specialisation with auditing procedures of a company improves his skeptical attitude in detecting financial manipulations, and also experience in auditing is an effective tool that influences auditor's level of inquisitiveness in auditing procedures.

It also reveals a significant and positive relationship between auditor's skepticism and audit quality that informs that applying professional skepticism helps auditors to produce quality audit work, lack of professional skepticism affects auditor's independence which may produce low quality audit, and audit independence makes auditors to be more skeptical to evidence presented by the client. The result reveals a significant and positive relationship between professional ethics and audit quality. Thus, this explains that knowledge of professional ethics enhances auditor's independence and therefore, produces quality audit, and also helps an auditor in the conduct of his audit procedures. Adhering to code of professional ethics influences an auditor's judgement in the conduct of his audit work. The

need for professional skepticism in the conduct of audit procedures has become necessary in ensuring the quality of audit as seen in many empirical researches such as Syamsuddin (2017), Kusumawati & Syamsuddin (2018), Sanghum, Taewoo, Sujin & Kim (2018), and Ciolek & Emerling (2019), Ukpebur & Ogboma (2015), Onuora & Okegbe (2015) and Enofe, Ukpebur & Ogbonna (2015). However, these researches were conducted on the relevance of applying professional skepticism to check reported audit deficiencies which relatively avoid audit failure and enhances reliability and trust in the financial report.

5.1 Conclusions and Recommendations

Based on the findings of the study, the following conclusions were drawn:

Adhering to the principles of professional ethics is necessary for improving the skeptical attitude of an auditor so as to have a high quality audit work. The variable professional ethics has significant influence on auditor skepticism. The level of sceptical attitude exhibited by an auditor increases the quality of his audit work which is for the benefit of the audit profession and the entire society. This proves the assertions of utilitarian theory which implies that individuals should choose the most beneficial and good actions instead of those that can easily jeopardise or harm. From the ethical conduct expected from an auditor, he/she can choose an action that can give or generate the greatest happiness to the entire society with least harm. The study also concludes that the application of professional skepticism in the audit procedure is associated with professionalism and compliance with the principles of professional ethics gives a considerable contribution in improving quality of audit work and this is attributed to Kant's theory which states that sense of duty is codified in universal law principles. This implies that, the correct action taken by an auditor is the one that complies with the required code of professional ethics for auditors.

The recommendations of this research work are made based on the conclusions, thus: the regulators and standard setters should strictly enforce and continue to emphasize the importance of applying professional skepticism in auditing, which requires that an auditor should not believe documents presented by clients until he verifies evidence that they are free from misstatements.

Auditors should apply professional skepticism to improve the quality of their audit work.

Auditors should comply fully with the code of professional ethics in order to improve professional skepticism in the performance of their audit engagement.

Accountancy firms should ensure monitoring of their auditors in order to make them apply professional skepticism during audit engagement.

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