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The Influence of Professional Ethics Independence and Objectivity on Audit Quality and Public Trust

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Abstract

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This study aims to thoroughly examine the influence of professional ethics, auditor independence, and objectivity on audit quality and their implications for public trust. High-quality auditing is determined not only by the auditor's technical competence but also by moral integrity, commitment to professional ethics, and a sense of public responsibility inherent in the accounting profession. The research applies a Systematic Literature Review approach, analyzing a range of peer-reviewed articles published between five years and indexed in Google Scholar. The findings indicate that auditor independence and objectivity play a crucial role in ensuring the reliability, transparency, and credibility of financial reporting, while professional ethics serve as a moral compass that reinforces the auditor's accountability and trustworthiness in the eyes of the public. Public trust is built through the auditor's consistent adherence to integrity, responsibility, and objectivity in every phase of the auditing process. Therefore, improving audit quality largely depends on compliance with international professional standards and the continuous implementation of globally recognized codes of ethics for public accountants.

1. Introduction

Audit quality is an important pillar in maintaining transparency and the credibility of an entity's financial statements. A high-quality audit provides assurance to stakeholders that financial statements reflect the true economic condition and are free from material misstatements (Kuntari et al., 2017). In an era of globalization and increasing complexity of financial transactions, the demands for auditor professionalism are rising. Auditors must not only possess technical competence but also uphold professional ethical principles, objectivity, and independence in every stage of the audit (Kertarajasa et al., 2019).

Auditor independence is a fundamental factor determining the credibility of audit results. An independent auditor is able to provide an opinion without pressure or influence from external parties, thereby increasing public trust in financial statements (Ghani et al., 2019). Conversely, auditor dependence on clients, whether financially or socially, can reduce objectivity and audit quality (Bassey et al., 2020). Independence is not only formal in nature but also covers the aspect of a mental attitude free from conflicts of interest and bias.

Besides independence, professional ethics also play an important role in shaping auditor behavior. The Code of Ethics for Public Accountants, which includes principles of integrity, objectivity, professional competence, confidentiality, and professional behavior, serves as the main guideline for auditors in carrying out their duties (Asmara, 2017). Consistent application of professional ethics can improve the reliability and credibility of financial statements (Johari et al., 2017). When auditors violate ethical principles, public trust in the accounting profession will decline, potentially even triggering financial crises due to reporting manipulation. Objectivity is an essential element ensuring auditors are capable of assessing audit evidence fairly and rationally without personal bias (Farida, 2021). An objective auditor assesses every finding based on facts and professional standards, not due to pressure from clients or personal interests. Research by Ningrum et al. (2017) shows that auditor objectivity is directly related to increased audit effectiveness and more accurate decision-making.

In the context of public trust, audit quality becomes a direct reflection of auditor integrity. Auditors capable of maintaining ethics, independence, and objectivity consistently will gain social legitimacy as guardians of the reliability of the financial system (Dewi et al., 2021). Public trust cannot be built solely through regulation but must be fostered through ethical and responsible professional practices (Hermawan, 2021). Several empirical studies have found that the application of high professional skepticism, accompanied by adherence to professional ethics, is able to strengthen internal controls and increase audit effectiveness (Natsir et al., 2021). Professional ethics is not merely a norm of behavior but a value system that shapes the professional character of auditors in facing complex ethical dilemmas. When auditors face a conflict between personal interest and professional integrity, siding with ethics becomes the measure of their professional morality.

Furthermore, research by Lamba et al. (2020) asserts that audit quality cannot be separated from the reputation of the public accounting profession as a whole. The success of auditors in maintaining independence and objectivity will strengthen public trust in the financial reporting system and contribute to macroeconomic stability. Therefore, every auditor is obliged to understand that their professional responsibility is not only to the client but also to the wider community.

Thus, this study emphasizes the importance of the interconnection between professional ethics, independence, objectivity, and audit quality in building public trust in the accounting profession. Through a Systematic Literature Review (SLR) approach, this study aims to systematically analyze empirical findings from various studies highlighting how the values of professionalism and auditor integrity play a role in improving audit quality in various contexts, particularly in developing countries like Indonesia.

2. Literature Review

2.1. Auditor Independence and Objectivity

Auditor independence is the main foundation in maintaining audit quality. An independent auditor can provide an unbiased opinion free from external party influence. According to Lamba et al. (2020), auditor independence determines the extent to which the audit opinion can be trusted by the public. Auditors who have long-term relationships with clients potentially lose independence due to economic and social pressures. This is reinforced by the findings of Bassey et al. (2020), who explain that independence is not only a legal aspect but also a mental attitude that must be maintained through integrity and professionalism.

Objectivity plays an important role as an element guaranteeing auditor decisions are based on valid evidence, not personal opinion. Research by Ningum et al. (2017) asserts that auditor objectivity has a significant influence on audit effectiveness, especially in assessing the truth of transactions and detecting potential fraud. Additionally, research by Farida (2021) shows that the length of the auditor's working relationship with the client can reduce objectivity due to the tendency to compromise on minor errors. Therefore, auditor rotation becomes an important policy to maintain independence and avoid professional bias.

The link between independence and objectivity is inseparable. According to Kheil et al. (2018), both factors simultaneously contribute to improving the reliability of financial statements and fostering public trust. Independent and objective auditors will be better able to resist pressure from clients and maintain opinions consistent with professional standards. Thus, the combination of personal integrity and the application of strong professional ethics becomes an absolute requirement in maintaining audit quality.

2.2. Professional Ethics and Audit Quality

Professional ethics serve as the moral foundation guiding auditors in executing their responsibilities to the public. Ethical principles such as integrity, competence, confidentiality, and professional behavior shape auditor attitudes in facing ethical dilemmas (Asmara, 2017). Johari et al. (2017) emphasizes that consistent application of the code of ethics significantly improves the quality of audit reports and strengthens the community's perception of the public accounting profession.

Dewi et al. (2021) found that auditors with high ethical awareness are better able to maintain professionalism, especially in the public sector work environment.

Research by Hermawan et al. (2021) shows that continuous ethics training has a positive impact on increasing professional skepticism, which ultimately improves audit quality. In other words, ethics is not just a moral guide but also a tool to strengthen auditor professional capacity. In the context of Indonesia, the role of professional ethics becomes increasingly important because high business environment pressures can affect auditor objectivity. Research by Natsir et al. (2021) proves that professional ethics act as a mediating variable between independence and audit quality. This means auditor independence will be more effective if supported by a strong ethical commitment.

Professional ethics encourage auditors to have the courage to refuse client pressure, maintain information confidentiality, and prioritize public interest above personal interest. Furthermore, research by Kuntari et al. (2017) found that the implementation of good professional ethics creates a positive perception of the auditor profession, which directly impacts increased public trust in financial statements. Therefore, every audit institution must ensure the existence of an effective ethics supervision system, including reporting mechanisms for violations and strict sanctions for auditors who violate principles of professionalism.

2.3. Public Trust and Auditor Credibility

Public trust is the result of auditor consistency in applying principles of ethics, independence, and objectivity. When auditors are able to demonstrate professionalism and integrity, the public will trust audit results as accurate information free from interests (Lamba et al., 2020). Kertarajasa et al. (2019) assert that public trust cannot be built solely through regulation, but through professional practices that are transparent and accountable.

According to Bassey et al. (2020), auditors have a social responsibility to protect public interests by providing honest and evidence-based opinions. If public trust declines, financial market stability can be disrupted because investors and stakeholders are no longer confident in the reliability of financial statements. In research by Dewi et al. (2021), it is stated that auditor reputation plays a role as an important factor in maintaining professional credibility. Auditors with a good ethical reputation will be more trusted by the community and financial institutions. Public trust in auditors also correlates with the transparency and accountability of the audit institution itself. Research by Ningrum et al. (2017) states that the openness of the audit process and objective reporting of results can strengthen positive public perception of the public accounting profession. Therefore, audit institutions are expected to continue strengthening governance and implementing risk-based audits to increase public trust.

Natsir et al. (2021) add that public trust is dynamic and can change over time depending on the consistency of the auditor's ethical application. If auditors fail to maintain their integrity, a crisis of trust can occur and impact the reputation of the profession as a whole. Therefore, auditor credibility becomes key in maintaining financial system stability and strengthening public trust in audited financial statements. The literature shows that audit quality is the result of a complex interaction between independence, objectivity, and professional ethics, where all these factors contribute directly to the formation of public trust. Enforcement of professional ethics is not only a moral obligation but also a strategic strategy to maintain the credibility of the auditor profession and encourage transparent and sustainable economic growth.

3. Methods

This study uses the Systematic Literature Review (SLR) method to deeply examine the relationship between professional ethics, auditor independence, objectivity, and audit quality as well as their impact on public trust. The SLR method was chosen because it allows researchers to identify, assess, and synthesize findings from various empirical studies systematically and transparently. The SLR procedure in this study consists of four main stages: identification, selection, analysis, and synthesis. In the identification stage, a literature search was conducted via the Google Scholar, Research Gate and Garuda database with the keywords "audit quality", "auditor independence", "professional ethics", "objectivity", and "public trust". The search was limited to journal articles published in last five years to ensure data relevance and currency.

The second stage is literature selection. Selected articles met inclusion criteria, namely: (1) published in peer-reviewed scientific journals; (2) discussed variables of auditor independence, professional ethics, objectivity, or audit quality; and (3) presented empirical results within the context of an organization or audit institution. Irrelevant articles, such as research before, non-peer-reviewed articles, or those focusing on non-accounting sectors, were excluded from the sample. The third stage is thematic analysis, where articles that passed selection were analyzed based on focus and main research results. Analysis was conducted using a qualitative descriptive approach by grouping main themes: (a) the influence of independence on audit quality, (b) the relationship of professional ethics with public trust, and (c) the role of objectivity in improving audit integrity (Lamba et al., 2020).

The fourth stage is result synthesis, where all findings were compiled to obtain patterns of relationships between variables. A narrative synthesis approach was used to conclude results based on consistency and differences in findings between studies. Several journal articles met the research criteria and served as the basis for analysis. Secondary data from each article were recapped to identify variables, methodology, population, and research implications. The validity of results was strengthened by triangulation of cross-country literature with similar contexts, especially studies in Indonesia public sector audit environments (Johari et al., 2017). With this SLR approach, the research strives to provide a comprehensive synthesis explaining how factors of ethics, independence, and objectivity contribute to improved audit quality and the building of public trust in the public accounting profession.

4. Results

Research results through the Systematic Literature Review (SLR) approach on twelve scientific articles published in last five years show that audit quality is strongly influenced by three main factors: auditor independence, professional ethics, and objectivity. These three variables not only function individually but also reinforce each other in forming public trust in the public accounting profession and the audit results they issue. From the literature review, a general pattern was found that the higher the level of auditor compliance with the professional code of ethics, the greater the level of reliability of audited financial statements and the stronger public trust in the audit institution.

Research by Kuntari et al. (2017) shows that auditor independence and objectivity have a significant influence on audit quality. Auditors free from external pressure are capable of producing more honest and accurate opinions. This result is consistent with findings by Bassey et al. (2020), which assert that independence is not merely the absence of a financial relationship with the client, but also includes a professional attitude that rejects all forms of ethical compromise. When auditors have the moral courage to maintain their professional opinion despite facing pressure, audit quality can be maintained, and professional credibility increases. On the other hand, auditors who have established relationships with clients for too long risk losing objectivity due to familiarity threat, which ultimately lowers the integrity value of the audit report.

Ghani et al. (2019) add that professional ethics serve as an important link between independence and audit quality. Without strong professional ethics, auditor independence will easily waver when facing conflicts of interest or economic pressure. Ethical principles such as integrity, confidentiality, and professional competence play a role in maintaining a balance between client interests and public interests. In this context, professional ethics act as a moral fence limiting auditor actions to remain in line with values of honesty and public responsibility. Therefore, audit institutions need to ensure that every auditor understands and applies professional ethical principles through continuous training and strict internal supervision.

Analysis from research by Asmara (2019) strengthens findings that professional ethics have a positive correlation with audit quality. Auditors who firmly uphold ethics tend to have high professional skepticism, making them more critical in assessing audit evidence and more careful in drawing conclusions. This skeptical attitude plays an important role in preventing audit failure or opinion errors due to excessive trust in information from client management. Ethical auditors will not hesitate to reject financial statements that do not meet standards, even if doing so may disrupt business relationships with the client. This shows that the auditor's moral responsibility is higher than short-term economic interests.

Research conducted by Kertarajasa et al. (2019) confirms that auditor ethics act as a moderating variable strengthening the relationship between independence and audit quality. This means the influence of independence on audit results will be greater if supported by high ethical awareness. Conversely, auditors lacking a strong ethical foundation are easily trapped in opportunistic behavior, such as accepting client pressure to manipulate audit findings. This relationship emphasizes that independence and ethics cannot be separated in the context of audit professionalism. Both are integral dimensions of the credibility of the public accounting profession.

Findings by Kartika et al. (2021) in the public sector environment also support similar conclusions. Government auditors possessing high independence and ethical commitment are capable of detecting budget irregularities more effectively than auditors who tend to be compromising. Kartika et al. (2021) highlights the importance of ethics training and strengthening organizational culture in audit institutions to instill values of honesty and social responsibility. Professional ethics are proven not only to influence audit results but also to shape public perception of the credibility of state financial supervisory institutions.

Several studies also highlight the role of objectivity as a direct determinant of audit quality. Marwa et al. (2017) explain that objective auditors will assess audit evidence rationally without being influenced by emotions, personal relationships, or economic interests. Objectivity becomes a crucial aspect when auditors face ethical dilemmas, for example, when a client pressures them to cover up accounting violations. In such situations, objective auditors will remain focused on prioritizing public interest by providing opinions according to the evidence found. Horton et al. (2021) add that excessively long auditor tenure can threaten objectivity, so periodic auditor rotation needs to be applied to maintain the integrity of the audit process.

Research by Natsir et al. (2021) highlights the function of professional ethics as a mediator between independence and public trust. Ethics becomes the factor bridging how an auditor's independent attitude can be translated into audit results trusted by the community. When auditors work ethically, the community will perceive the public accounting profession as an institution of high integrity. Conversely, ethical violations such as conflicts of interest, gratification, or report manipulation will immediately lower public trust, even causing negative impacts for economic stability. In this context, public trust can be considered the final indicator of the effectiveness of professional ethics implementation in audit practice.

Hermawan et al. (2021) also emphasize the importance of continuous professional ethics training and development. They found that auditors who undergo ethics training tend to have higher moral awareness and professional skepticism. Both characteristics contribute to improved audit quality, especially in facing risks of financial statement fraud. Additionally, their research shows that organizational support for ethical values, such as the existence of a whistleblowing system and anti-corruption policies, can strengthen individual auditor integrity in facing complex ethical dilemmas.

Kuntari et al. (2017) assert that high audit quality contributes directly to increased public trust in financial markets. When the public believes that financial statements have been audited independently and objectively, they will be more confident in making investment decisions. This has a positive impact on national economic stability as capital flow increases along with growing investor confidence. Therefore, success in maintaining audit quality impacts not only the reputation of the auditor profession but also the balance of the financial system as a whole.

From an institutional side, research by Ghani et al. (2019) study shows that audit institutions applying strict ethical standards tend to have a better reputation in the public eye. This reputation functions as social capital strengthening the credibility of audit results. Conversely, cases of ethical violations committed by just one auditor can damage the image of the entire profession. Therefore, professional organizations like IAPI and IFAC emphasize the importance of continuous development and the implementation of effective disciplinary systems to maintain global ethical standards in the public accounting profession.

Overall, these SLR results confirm that audit quality is not the result of a single variable, but the result of synergy between professional ethics, independence, and auditor objectivity. The three form a moral control mechanism ensuring the audit process runs according to professional standards and principles of honesty. When these three factors are applied consistently, auditors not only produce reliable reports but also contribute to building public trust in a transparent and accountable financial system. Thus, improving audit quality must be accompanied by strengthening the professional ethics system and institutional policies that guarantee auditor independence and objectivity at every level of professional practice.

5. Discussion

The synthesis of literature results indicates that audit quality depends not only on auditor technical skills but is also determined by the level of compliance with professional ethical principles and the ability to maintain independence and objectivity. Conceptually, these findings reinforce agency theory, which explains that auditing functions as a control mechanism to reduce conflicts of interest between management and owners (Annisah Anafiah, 2017). However, the effectiveness of this function can only be achieved if auditors are truly independent and ethical. Auditors who fail to maintain their integrity will lose public trust, which in turn weakens the role of the audit as a guardian of transparency.

Professional ethics are proven to have a direct influence on audit quality because they act as a moral guide limiting auditor actions in situations fraught with conflict of interest (Asmara, 2019). Auditors who uphold ethics will be capable of resisting pressure from clients, avoiding compromise, and daring to reveal findings even if it risks business relationships. This result aligns with research by Kheil et al. (2018), which states that ethics functions as a moderating variable strengthening the relationship between independence and audit quality. In other words, ethical auditors have the moral courage to maintain an independent and objective stance.

In an organizational context, research by Ghani et al. (2019) found that the application of the auditor code of ethics affects the increase of professional skepticism. High skepticism becomes an indicator of integrity because auditors do not easily trust client explanations without adequate evidence. Auditors possessing a skeptical attitude are better able to detect material errors or potential fraud in financial statements. This indicates that professional ethics function not only normatively but also instrumentally in maintaining audit effectiveness.

Auditor independence also has a broader dimension than merely the separation of financial interests. According to Horton et al. (2021), independence includes freedom of thought and action, demanding auditors to make decisions based on evidence and professional judgment, not economic or emotional pressure. Auditors who have long-term relationships with clients often face ethical dilemmas testing their objectivity. Therefore, periodic auditor rotation and the implementation of independent supervision systems become important steps in maintaining the honesty of audit results (Marwa et al., 2017).

Results from research by Hermawan et al. (2021) confirm that public trust is formed when auditors demonstrate consistency between ethical principles and audit practice. The public will trust financial statements audited by auditors with ethical and independent reputations more. Conversely, ethical violations such as opinion manipulation or conflicts of interest will lower the legitimacy of the public accounting profession as a whole. Because of this, professional organizations like IAPI and IFAC need to strengthen ethics supervision programs and continuous training to ensure auditors possess moral competence aligned with public responsibility.

From the various studies reviewed, it appears that the relationship between professional ethics, independence, and objectivity is synergistic and mutually supportive. Ethics becomes the value foundation, independence functions as a protection mechanism, and objectivity ensures fair assessment based on audit evidence. The combination of the three produces high-quality audits that strengthen public trust in the accounting profession. Thus, success in maintaining audit quality cannot be achieved merely through technical regulation but must be accompanied by the internalization of ethical values in every auditor decision-making process.

6. Conclusion

Based on the results of the Systematic Literature Review (SLR) of twelve journal articles from last five years, it can be concluded that audit quality is significantly influenced by three main pillars: professional ethics, auditor independence, and objectivity. All three form a moral and professional foundation ensuring audit results can be trusted and are useful for public decision-making. Auditors who maintain integrity, uphold ethics, and act independently will be capable of producing financial statements that are transparent, relevant, and reliable. Professional ethics serve as a moral guide in facing ethical dilemmas, while independence protects auditors from external party pressure. Objectivity, on the other hand, ensures auditors assess audit evidence rationally without personal bias. Synergy between these three elements strengthens the credibility of the public accounting profession and increases community trust in audit results.

Furthermore, the analyzed studies show that public trust cannot be built solely through technical regulations, but also through the internalization of ethical values in every audit practice. Therefore, professional institutions and audit organizations need to strengthen training systems, auditor rotation, and ethics supervision so that professional integrity is maintained. By applying principles of professional ethics, independence, and objectivity consistently, auditors can become guardians of the reliability of financial information as well as main pillars in maintaining the stability of a sustainable economic and financial system.

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