

**THE EFFECT OF JOB CONTEXT AND COVID-19 ON PERCEIVED  
AUDIT QUALITY BEHAVIOUR: THE MEDIATING ROLE OF  
JOB SATISFACTION**

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**ABSTRACT**

The unprecedented impact of Covid-19 pandemic has caused untoward consequences to almost all professions and auditors are no exception. This study investigated perceived audit quality reduction behaviour through job context, COVID-10 effect and mediated by job satisfaction. An online survey involving 103 junior auditors were conducted during the Covid-19 lockdown and that the collected data were analysed using partial least square (PLS). The results revealed that human capital training and perceived compensation can reduce perceived audit quality reduction behaviour during the pandemic while other factors such as time pressure and role ambiguity do not contribute to perceived audit quality reduction behaviour. Job satisfaction also has a significant relationship with perceived audit quality reduction behaviour but it does not mediate any relationship between job context factors and perceived audit quality reduction behaviour. The findings provide new insights into the effect of COVID-19 on audit quality reduction behaviour and its influence on the job context factors. Inevitably, in the midst of pandemic, human capital training appears to be insurmountable and such skills facilitation and knowledge if not being prioritised would likely to impede the auditing process. As a consequence, audit personnel in particular; the audit managers, directors and partners should take heed of the essential human development in the relevant auditing profession over time. Our research findings revealed that COVID-19 pandemic had a profound effect on audit quality behaviour and its influence on the job context factors. It is therefore imperative for audit profession to prepare for such unprecedented and the perceived long-lasting endemic that had thus far impacted to a significant extent on people all around the world.

**Keywords:** perceived audit quality reduction behaviour, COVID-19 impact, job satisfaction, time pressure, role ambiguity, perceived compensation.

## 1. Introduction

The unprecedented world coronavirus has exerted a huge shockwave in many countries' economies and audit profession is no exception. Auditors have an important role because it prevents scandalous event such as manipulated financial report from happening (Tackett, Wolf, and Claypool, 2004; Arens, Elder and Beasley 2012). Examples of corporate scandals are Enron, Worldcom, Adelphia, Xerox and Global crossing. To curb audit failures, Sarbanes-Oxley Act (SOX) was formed by the congress, followed by the establishment of Public Company Accounting Oversight Board (PCAOB) stating the requirements and prohibitions for public companies' auditors (Sarbane-Oxley Act 2002). In 2005, the International Accounting Standards Board (IASB) in cooperation with International Organisation of Supreme Audit Institutions (INTOSAI) established a set of high-quality standards and code of ethics, hoping to enhance audit procedures to reduce occurrence of auditing errors, abnormality and criminally ill behaviour with regards to financial statements (Yuen, Law, Lu and Guan, 2013). Organisation for Economic Co-operation and Development (OECD) was also established in 1961 and has developed over 270 legal instrument to prevent rise of corporate scandals. It covers a wide spectrum of corruption, ranging from bribery, public financial fraud, tax issues and procurements. Various anti-corruption and integrity news can also be found on their website (OECD, n.d.). Furthermore, the governance bodies in Malaysia such as the Audit Oversight Board (AOB), the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia or SSM), the Malaysian Institute of Accountants (MIA), and the Malaysian Institute of Certified Public Accountants (MICPA) regulates the accountancy professions and qualifications (IFAC, 2018). Various enforcement was implemented, including corporate governance by Companies Commission of Malaysia but scandalous events continue to occur in spite of those enforcement and a good example is the infamous 1MDB (1 Malaysia Development Berhad) case.

From the prior corporate scandals, we learned that audit quality reduction behaviour gave rise to financial abnormal activities. For instance, the infamous Enron Scandal in 2001. Such notorious scandal has brought significant and devastating impact on many victims in the past and had been the most expensive price a nation could ever pay (Awolowo, Garrow, Clark and Chan, 2018). What have been done to minimise this problem was that various bodies and code were implemented to prevent and mitigate such scandalous events from recurring. Whenever a financial statement is found to be abnormal, auditors are to be questioned for their audit quality and integrity (Awolowo et al., 2018; Arens, Elder and Beasley 2012; Tackett, Wolf, and Claypool, 2004; Noor Adwa Sulaiman, Suhaili Shahimi, and Ranjit Kaur Nashtar Signh, 2019).

Henceforth, the importance of auditors must be emphasised and the root cause of poor audit quality must be identified and eradicated for the benefit of mankind. With rising registered firms in Malaysia, it is crucial to maintain and improve the quality of audit so that foreign institutional investors remain confident towards investment in Malaysia and that scandalous activities could be prevented to prevent the economy from falling backward. It is also worth noting that in the midst of the pandemic, many firms suffer financially such that more than over 30,000 companies have shut down since the onslaught of coronavirus (MalaysiaKini, 2020). Invariably, it has affected auditors' qualifying statement in terms of the firm's going concern ability, reliability and accuracy of their financial statements (Albitar et al., 2020). With this, we formulated our research question "*to what extent does job context through the mediation of job satisfaction affect the perceived audit quality reduction behaviour during the COVID-19 pandemic?*". This study enables us to achieve our following objectives:

- (1) To determine the impact of job satisfaction in mediating the relationship between the job context factors and audit quality reduction behaviour during the COVID-19.
- (2) To examine the impact of COVID-19 on audit quality reduction behaviour during the COVID-19 pandemic.
- (3) To investigate the relationship between job context factors and audit quality reduction behaviour during the COVID-19 pandemic.

## **2. Theoretical underpinning and hypotheses development**

### *2.1. The relationship between job satisfaction and audit quality reduction behaviour*

Herzberg's theory has been around for over 60 years and up until today, the theory remains in good utility and is applicable in the current era of job context in various job field (Ann and Blum, 2019; Ismail Hussein Amzat et al., 2016; Bassett-Jones, and Lloyd, 2005). According to Herzberg's theory, the two factors that influence degree of satisfaction are motivator and hygiene factor. These factors derive from job related factors such as tasks, events and condition of working environment (Herzberg, Mausner and Snyderman, 2017). Hygiene factor derives from the working environment and it serves the role of prevention of dissatisfaction. Hygiene factors concluded by the theory are supervision, physical working conditions, interpersonal relations, company policies and administrative practices, benefits, salary and job security (Herzberg et al., 2017). Motivator derives from the tasks itself and it can increase job satisfactions. Motivator includes are recognition, achievement, personal growth, responsibility and independence, self-actualisation.

The intrinsic factor increases job satisfaction while the extrinsic factor prevents dissatisfaction but does not motivate nor satisfy the workers and (Ann and Blum, 2019). In short, intrinsic factors will increase employees' job satisfaction whilst extrinsic factors will prevent any employees' job dissatisfactions.

For instance, the motivator and hygiene factors have more to do with job satisfaction as the intrinsic value could influence the degree of quality of judgement in complicated audit activities, such as the way they process information in terms of broadness, depth and degree of scepticism to relevant evidence (Kadous and Zhou, 2017). Job satisfaction theory suggests that motivators can produce job satisfaction while hygiene factors prevent dissatisfaction, thus the auditors' working context is likely to affect their job performance. Job satisfaction can affect job performance (Sung, and Hu, 2021; Valaei and Jiroudi, 2016). Increase in job satisfaction increases auditors in detecting abnormalities (Truong ,2018). Job satisfaction can impair an auditor's ability to produce quality audits (Persellin, Schmidt, Vandervelde and Wilkins, 2019).

H1: Job satisfaction is negatively related with perceived audit quality reduction behaviour

### *2.2. Perceived compensation, job satisfaction and audit quality reduction*

From the studies, compensation does not have an impact on job satisfaction in the audit industry and auditors are motivated by intrinsically motivated than extrinsic benefits since their role is rather professional in nature and thus is established on a long-term career prospect (Ahmad Hammami et al., 2020; Judge, et al., 2010; Centers and Bugental, 1966). It was found that a high level of pay is related to lower frequency of errors and thus improves the quality of the auditor's work (Hoopes, Merkley, and Schroeder, 2018). This is supported by the theory that, according to the efficiency wage theory (Katz, 1986), a higher salary is associated with good labor quality and better productivity and lower shirking (Malcomson, 1981; Shapiro and Stiglitz, 1984).

Under the impact of COVID-19, the economy was critically affected, as a result many firms would cut costs and that includes employee salary to ensure the going concern or survival of their business firm and the impact is expected to be salient and visible. Employees need a salary to survive under the crisis and they are more likely to be extrinsic value driven (Albitar et al., 2020; Diffenbaugh et al., 2020; Prommegger et al., 2021). Thus, the hypothesis is as followed;

H2: The relationship between perceived compensation and audit quality reduction behaviour is negatively related.

H3: Job satisfaction mediate the relationship between compensation and audit quality reduction behaviour.

### *2.3. Human capital training, Job satisfaction and audit quality reduction*

Training is able to facilitate personal growth and according to Herzberg's theory, it can bring job satisfaction to individual and many studies' outcome seem to be in a line with it and has shown that training to individual do bring job satisfaction (Leppel, Brucker and Cochran 2012, Hanaysha and Tahir, 2016). Human capital is said to be closely related to productivity or job performance (Becker, 2009; Rabia Imran et al., 2020) and it was also proven from the studies that training has a significant positive impact on job performance (Yao, Liu and Cui, 2020;) and the audit quality which heavily depend on the audit personnel is also said to be influenced by the performance of the individual (Samagaio and Rodrigues 2016; MIA, 2018; Cheng, Liu and Chien, 2008). Thus, leading to the following hypothesis development. However, due to the impact of pandemic, social distancing was imposed strictly and thus may affect the variable due to the pandemic factors, making the relationship of impact easier to be witnessed (Albitar et al., 2020; Diffenbaugh et al., 2020; Prommegger et al. 2021).

H4: Human capital training is negatively related to audit quality reduction behaviour

H5: Job satisfaction mediate the relationship between training and audit quality reduction behaviour

### *2.4. Role ambiguity, job satisfaction and audit quality reduction*

According to role theory, in order for an individual to fulfil tasks and responsibilities bear by the role, that individual must have sufficient knowledge and knowledge given by his stakeholders and when information is not sufficiently provided, that person may suffer negative emotion behaviour and lead to dissatisfaction and tensions, resulting poor job performance (Kahn et al., 1964; Tubre and Collins, 2000; Zaini Ahmad, and Taylor, 2009; Senatra, 1980).

Role ambiguity is found to be negatively related to job performance because it discourages the effort of an individual due to lack of information required (Tubre and Collins, 2000; Amiruddin Amir, 2019). Clear expectations are able to direct and communicate expectations of outcome towards the individual, thus allowing them to perform with a direction, cultivating high-quality work (Brown, Gissel, and Neely, 2016; Yuen et al., 2013). For instance, lack of proper methodology and procedures to transfer information to audit personnel was also found to be detrimental to their job performance (MIA, 2018).

When individuals suffer role ambiguity, inability to perform tasks due to the influence of insufficient information, uncertainties and confusion could lead to negative emotions such as dissatisfaction (Kahn et al., 1964; Senatra, 1980). Environment of auditors is complex and faces rapid changes from time to time, thus proper communication is important to prevent ambiguity (Senatra, 1980; Rebele and Michaels, 1990). In the midst of pandemic, remote working became a norm to comply social distancing and this could increase the effect of role ambiguity and thus

making it more obvious in terms of its impact (Albitar et al., 2020; Diffenbaugh et al., 2020; Prommegger et al., 2021).

H6: Role ambiguity is positively related to audit quality reduction behaviour

H7: Job satisfaction mediate the relationship between role ambiguity and audit quality reduction behaviour

### *2.5. Time pressure, job satisfaction and audit quality reduction*

Audit personnel often faces excessive workload due to their job nature which has subsequently contributed to time pressure. Such time pressure has led to the negative impact on their psychological well-being as well their work dissatisfaction (Svanberg, and Ohman, 2013; Persellin et al., 2019; Paino et al., 2010). It was also found that time pressure is found to be associated with work difficulties, leading to burnout and resulting job dissatisfaction (Mazloun et al., 2008; Amal Altaf and Mohammad Atif Awan 2011; Linzer et al., 2000). Insufficient time allocation is likely to encourage auditors to commit to poor audit quality behaviour to meet client expectations if they cannot receive more time allocation (Svanberg, and Ohman, 2013; Persellin, Schmidt, Vandervelde and Wilkins, 2019). Auditors' work may require further time resources, often more than what is allocated and such limitations also create stressful situations for auditors, resulting in them not being able to properly carry out their auditing activities. For instance, superficial audits could be the byproduct of insufficient time required to complete auditing work (Yuen, et al., 2013; Svanberg et al., 2013; Paino et al., 2010). Pandemic made remote working a norm and this is a new adaptation which requires time for auditors to climb over their learning curve to learn to work at home while constantly being distracted by their surroundings. This puts auditors in a position, less being able to focus to get their job done and thus may facetime pressure (Albitar et al., 2020; Diffenbaugh et al.2020; Prommegger et al., 2021).

H8: Time pressure is positively associated with audit quality reduction behaviour

H9: Job satisfaction mediate the relationship between time pressure and audit quality reduction behaviour

### *2.6. The impact of COVID-19 and audit quality reduction*

COVID-19 has completely changed the working environment of auditors. It has also added more difficulties into their profession because of the change of working environment, increased workload, and change of audit procedures (Albitar et al. 2020) because whatever affect their clients would also exert certain degree of impact to their workload and job context. Where the economy is severely affected, auditors are likely to be pressured by clients to lower their fees especially in Malaysia where most clients favour low audit fee over audit quality (MIA, 2018). Increase of difficulties and workload increases auditor cost and this cost is often redirected to clients (Albitar et al., 2020; Xu et al., 2013; Yuen et al., 2013) but at the same time the auditor faces pressure of losing clients, thus they are likely to commit to audit quality reduction behaviour (Albitar et al., 2020). Many businesses suffer incredibly due to the pandemic, and by right auditors should exert higher caution on giving audit opinion, in Malaysia where audit quality is not prioritised by clients, (MIA, 2018) there is a high chance that certain dysfunctional behaviour may be committed to justify their financial report (Albitar et al., 2020).

Pandemic led to social distancing and to the extent that some companies started to allow remote working and such a mode of work would bring difficulties towards the auditors as it is a new learning curve to be adapted by auditors, affecting their operation procedures, planning and expected outcome (Noor Adwa Sulaiman et al., 2019; Rose et al., 2020). When certain

documents are not well elaborated, especially when certain auditing procedures become difficult to be carried out remotely, dysfunctional behaviour occurs (ICAEW, 2020; Albitar et al., 2020). Human capital is important among the auditors because the quality of audit personnel has the ability to affect the audit quality directly and under normal circumstances, auditors would receive training from time to time to ensure up to date knowledge and information but due to COVID-19, many trainings were held and thus they suffer from lack of training. Despite having online training, it may not be as efficient and effective as a physical one due to certain technical difficulties. In order to mitigate costs suffered in the midst of pandemic, salaries are expected to be cut or lowered, if not bonuses would not be given to their employees (Choong, 2020). However, with salary cut, it is very likely to affect employees emotionally and thus affect their job performance (Albitar et al., 2020).

H10: The relationship between COVID-19 and audit quality reduction behaviour is deemed positive.

Based on the above literature review, we developed our conceptual framework as follows:

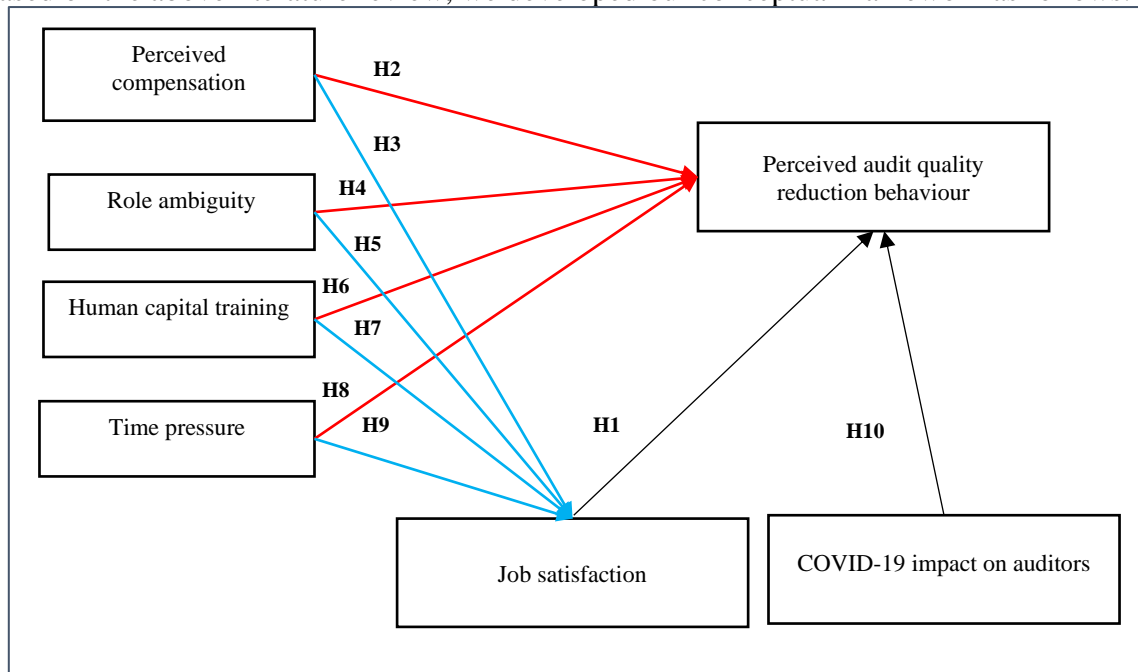


Figure 1  
Proposed conceptual framework

### 3. Research Methodology

#### 3.1. Research design and measurement of constructs

We employed cross-sectional design to amass our data in the midst of the country's Covid-19 lockdown. The questionnaire was prepared in English language as all the targeted respondents comprehend the language well. The survey instrument is divided into two parts. Part I, perceived compensation (PC), human capital training (HCT), role ambiguity (RA), time pressure (TP), perceived audit quality reduction behaviour (PAQRB), covid-19 impact on auditors (CI), and job satisfaction (JB). Part II consists of demographics information for descriptive purposes. The questionnaire is designed with 7-point Likert scale, ranging from "1 = strongly disagree" to "7 = strongly agree". There were 89 respondents selected for the pre-test. This pre-test was to ensure the questionnaire were free from technical and grammatical flaws, followed by interviews carried out with a few experts to ensure its content validity.

### 3.2. Sources of variables

There are over 43 items in total for 7 latent variables, and the questionnaires are adapted from a few sources of prior studies as shown on the Table 1.

Table 1  
Sources of variables

Variables	Number of items	Source	Measurement
Time pressure	5	Amiruddin, (2019)	
Role ambiguity	5	Amiruddin, (2019)	
Perceived compensation	7	Konrad, Williams, Linzer, McMurray, Pathman, Gerrity, Schwartz, Scheckler, Van Kirk, Rhodes, and Douglas, (1999)	
Human capital training	5	Hanaysha, and Tahir, (2016)	7-point likert scale
Perceived audit quality reduction behaviour	10	Amiruddin, (2019)	
Covid-19 impact on Auditors	5	Albitar, Gerged, Kikhia, and Hussainey, (2020)	
Job satisfaction	6	Hanaysha and Tahir (2016) Bamber and Iyer (2009) Kalbers and Cenker (2007)	

### 3.3. Sample and data collection

The target population for this research focused on final year accounting students whose aged ranging from 21-23. These students had their internship at various audit firms for 4-6 months and have an experience equivalent to a junior auditor. Additionally, the institution where the students pursue their accounting programmes is also well-known for producing quality and world-class accounting professional graduates (e.g. ACCA graduates). Due to the authors' familiarity and personal involvement in guiding most of the respondents, judgemental and convenient sampling technique were used in this study. We used G\*power to determine the sample size. Although a number of 89 respondents would be the ideal number, a total 103 usable samples were secured for Smart-PLS statistical analyses.

## 4. Data Analysis and Findings

Our demographic results show that gender consists of 35 male and 68 female, 88 respondents age 21, 13 respondents age 22 and 2 age 23 respectively. Whereas, the highest education level is bachelor degree. From this sample, we present the following statistical analyses.

### 4.1. Multicollinearity

Table 2 displays the inner VIF values used to detect the presence of multicollinearity by using Smart-PLS. Each inner VIF is within the threshold suggested by Garson (2016) which is below 5.0.

Table 2  
Multicollinearity results

Inner VIF							
	TP	PC	CI	HCT	JS	PAQRB	RA
TP					1.687	1.821	
PC					1.834	1.981	
CI						1.065	
HCT					1.286	1.335	
JS						4.991	
PAQRB							
RA					2.492	4.366	

Note: Note: TP = Time pressure, PC = Perceived compensation, CI = Covid-19 impact on auditors, HCT = Human capital training, JS = Job satisfaction, PAQRB = Perceived audit quality reduction behaviour, RA = Role ambiguity.

#### 4.2. Correlation analysis

Since the study is attempting a non-parametric analysis, Spearman's Rank correlation coefficient is much more suitable as it fits the criteria of nature of this research. Firstly, the data is non-distributional and secondly, the study intends to predict the relationship without assumptions about the frequency distribution of variables (Hauke and Kossowski, 2011).

Table 3 illustrates the significant level and Spearman's Rank correlation coefficient. Most items are significant and are within the range of 0.41 — 0.70, indicating a moderate relationship (Hair, Page and Brunsveld, 2020). The relationship between each variable is also illustrated in the table (Table 4.4 (a)).

Table 3  
Non-parametric correlations

			TP	RA	PC	HCT	JS	PAQRB
Spearman's rho	TP	Correlation Coefficient	1.000					
		Sig. (2-tailed)						
	RA	Correlation Coefficient	0.631**	1.000				
		Sig. (2-tailed)	0					
	PC	Correlation Coefficient	-0.424**	-0.599**	1.000			
		Sig. (2-tailed)	0	0				
	HCT	Correlation Coefficient	-0.348**	-0.395**	0.274**	1.000		
		Sig. (2-tailed)	0	0	0.005			
	JS	Correlation Coefficient	-0.651**	-0.854**	0.607**	0.449**	1.000	
		Sig. (2-tailed)	0	0	0	0		
	PAQRB	Correlation Coefficient	0.420**	0.548**	-0.489**	-0.424**	-0.558**	1.000

\*\*. Correlation is significant at the 0.01 level (2-tailed).

#### 4.3. Construct validity and reliability

##### 4.3.1. Confirmatory factor analysis

The confirmatory factor analysis was run at full sample size (103) with Smart PLS (see Table 4) The factor loadings are all above 0.7, which indicate a good correlation between variable and factor, thus the variables were retained for further analyses. The Cronbach alpha values are all above the cut-off point of 0.6, indicating good reliability (Hair, Page and Brunsveld, 2020). The AVE of each latent construct is above the cut-off point 0.5, suggesting adequate convergent validity. Additionally, the composite reliability for each latent variable is above cut-off point 0.7, indicating good reliability as a supportive indicator other than cronbach alpha in measuring reliability (Peterson and Kim, 2013; Hair et al., 2017).

Table 4  
Confirmatory factor analysis

Construct	Items	Factor loading	CR	AVE	CA
Time pressure	TP1	0.822	0.903	0.65	0.866
	TP2	0.834			
	TP3	0.800			
	TP4	0.767			
	TP5	0.805			
Role ambiguity	RA1	0.894	0.949	0.789	0.933
	RA2	0.889			
	RA3	0.865			
	RA4	0.899			
	RA5	0.894			
Perceived compensation	PC1	0.865	0.952	0.738	0.941
	PC2	0.877			
	PC3	0.874			
	PC4	0.862			
	PC5	0.779			
	PC6	0.892			
	PC7	0.860			
Human capital training	HCT1	0.761	0.896	0.634	0.856
	HCT2	0.792			
	HCT3	0.790			
	HCT4	0.793			
	HCT5	0.841			
Job satisfaction	JS1	0.832	0.94	0.722	0.923
	JS2	0.845			
	JS3	0.840			
	JS4	0.866			
	JS5	0.856			

	JS6	0.858			
Perceived audit quality reduction behaviour	PAQRB1	0.856	0.954	0.674	0.946
	PAQRB2	0.856			
	PAQRB3	0.733			
	PAQRB4	0.886			
	PAQRB5	0.852			
	PAQRB6	0.722			
	PAQRB7	0.795			
	PAQRB8	0.844			
	PAQRB9	0.818			
	PAQRB10	0.833			
COVID-19 impact on auditors	CI1	0.853	0.942	0.764	0.923
	CI2	0.843			
	CI3	0.884			
	CI4	0.895			
	CI5	0.892			

Note: CR = composite reliability, AVE = average variance extracted, CA = cronbach alpha

#### 4.3.2. Exploratory Factor Analysis (EFA)

EFA was performed on 43 items representing 7 latent variables at a sample size of 88 samples. Each item's factor loading is more than the minimum requirement factor loading 0.5 to be a valid item. As for KMO, each item's KMO is above 0.5 exceeding the requirement and Bartlett's test of sphericity's value is less than 0.05, indicating significance (Field, 2018). The variance for each item is more than 50% indicating the items are representative of their latent variable. In addition, cronbach's alpha test all exceeds the minimum requirement (0.6) and thus, indicating good reliability (Hair, Page and Brunsveld, 2020) (Table 5).

Table 5  
Exploratory Factor Analysis

Exploratory factor analysis								
Construct	Items	Factor loading	KMO	Bartlett's test of sphericity			% of Variance	Cronbach's $\alpha$
				Approx.	df	Sig.		
Time pressure	TP1	0.834	0.851	186.018	10	0	64.74	0.864
	TP2	0.823						
	TP3	0.811						
	TP4	0.780						
	TP5	0.774						
Role ambiguity	RA1	0.882	0.891	306.937	10	0	76.296	0.922
	RA2	0.878						
	RA3	0.839						
	RA4	0.889						

Perceived compensation	RA5	0.878						
	PC1	0.875	0.919	501.414	21	0	74.156	0.941
	PC2	0.880						
	PC3	0.881						
	PC4	0.859						
	PC5	0.769						
	PC6	0.900						
Human capital training	PC7	0.859						
	HCT1	0.704	0.839	168.729	10	0	62.392	0.848
	HCT2	0.794						
	HCT3	0.804						
	HCT4	0.816						
Job satisfaction	HCT5	0.825						
	JS1	0.833	0.898	361.251	15	0	72.524	0.924
	JS2	0.849						
	JS3	0.836						
	JS4	0.872						
	JS5	0.848						
	JS6	0.872						

As for discriminant validity assessment, the square root of AVE of each construct is higher than the correlation for each other variable and thus indicating good variance between variables (Hair, Page and Brunsveld, 2020) (Table 6).

Table 6  
Discriminant validity

Fornell-Larcker Criterion	TP	PC	CI	HCT	JS	PAQRB	RA
TP	0.806						
PC	-0.46	0.859					
CI	0.16	-0.104	0.874				
HCT	-0.383	0.345	-0.154	0.796			
JS	-0.66	0.683	-0.224	0.491	0.85		
PAQRB	0.491	-0.701	0.342	-0.491	-0.647	0.821	
RA	0.627	-0.671	0.218	-0.451	-0.868	0.639	0.888

Note: TP = Time pressure, PC = Perceived compensation, CI = Covid-19 impact on auditors, HCT = Human capital training, JS = Job satisfaction, PAQRB = Perceived audit quality reduction behaviour, RA = Role ambiguity

#### 4.4. Hypothesis testing

##### 4.4.1. Path modelling analysis (direct effect)

Table 7 presents the correlation of latent variables using smartpls. Most correlations are significant except for time pressure and perceived audit quality reduction behaviour, job satisfaction and perceived audit quality reduction behaviour, and role ambiguity and perceived audit quality reduction behaviour. The path diagram of which is shown in Figure 2.

Table 7  
Path modelling analysis

	Original Sample (O)	P Values	Significance
TP -> JS	-0.162	0.003	Significant
TP -> PAQRB	0.068	0.358	Not significant
PC -> JS	0.164	0.016	Significant
PC -> PAQRB	-0.488	0.000	Significant
CI -> PAQRB	0.22	0.000	Significant
HCT -> JS	0.096	0.042	Significant
HCT -> PAQRB	-0.2	0.026	Significant
JS -> PAQRB	-0.03	0.811	Not significant
RA -> JS	-0.614	0.000	Significant
RA -> PAQRB	0.104	0.493	Not significant

TP = Time pressure, PC = Perceived compensation, CI = Covid-19 impact on auditors, HCT = Human capital training, JS = Job satisfaction, PAQRB = Perceived audit quality reduction behaviour, RA = Role ambiguity

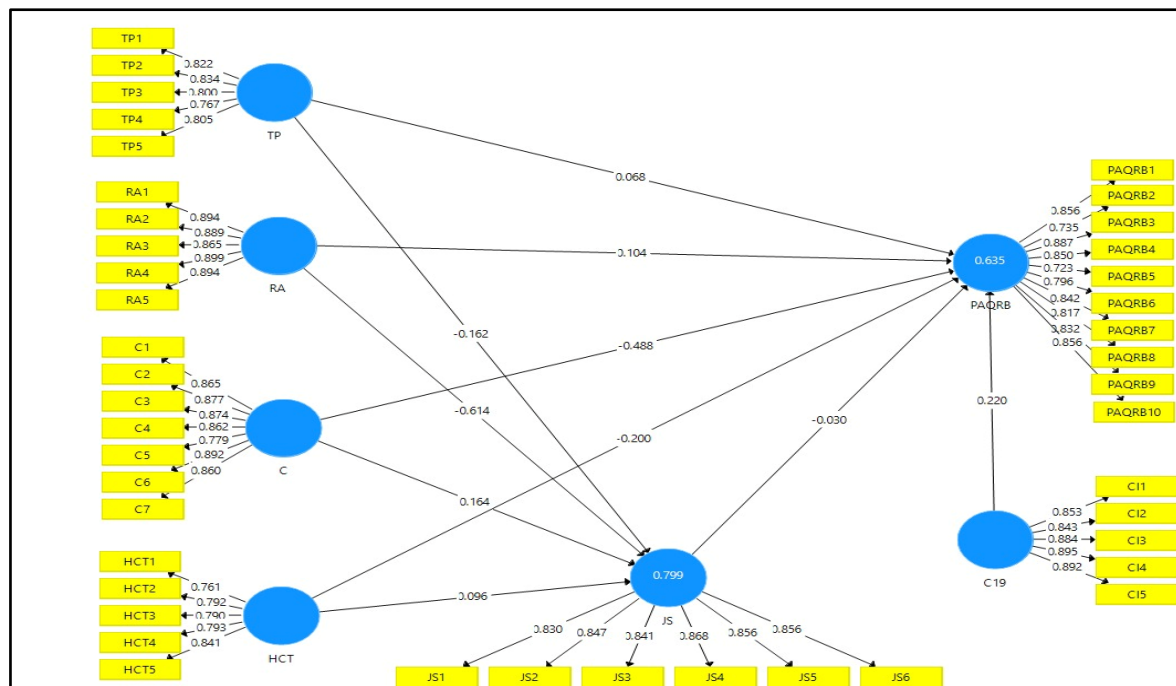


Figure 2  
Path Analysis Model

#### 4.5. Mediating effect

The Table 8 below illustrates the mediating effect of job satisfaction, and it was found that all mediating relationships are not significant, and thus no mediation effect at all.

Table 8  
Mediating effect

Independent variable	Mediator	Dependent variable	Indirect effect	Total effect	P-value
Time pressure			0.005	0.005	0.818
Perceived compensation	Job satisfaction	Perceived audit quality	-0.005	-0.005	0.825
Human capital training		reduction behaviour	-0.003	-0.003	0.839
Role ambiguity			0.019	0.019	0.813

## 5. Conclusions and Implications

### 5.1 Research implication

One of our results worth noting was that compensation and staff training clearly manifested a strong positive relationship with job satisfaction during the onslaught of the pandemic. However, we see a higher priority laid on compensation compared to human capital training. Perhaps, survival of fitness is at its best when pushing people to their limits. Hence, compensation became a higher motivating factor for the purpose of surviving. This has also shown how much of an impact given a different background setting can affect research finding severely in a fascinating manner (Prommegge et al., 2021).

A change of context would change the motivating factors. In the midst of the coronavirus and its lockdown, what the auditors wanted most out of their job was that of ‘compensation need’ because their livelihood is at stake. This was consistent with the study conducted by Hitka, Štarchoň, Caha, Lorincová, and Sedliačiková (2021), in which the authors found that job security and salary became a significant factor in 2020 when the pandemic hit the global hard. This is interesting as in different contexts, the demand and needs of humans changes accordingly. The human needs are flexible and do not stick to a single pattern, it changes when there is a change of context surrounding them. Both Herzberg’s and Efficiency Wage theories were found to be relevant and applicable to our study, especially Efficiency Wage theory. It states that high compensation can provide motivation for better productivity. The monetary effect is even more obscured during the pandemic indicating an enhanced impact of compensation towards prevention of poor work performance (perceived audit quality reduction behaviour).

In addition, the role theory implies that a lack of sufficient information may put the auditors in a position incapable of being competent in work and productivity. Therefore, a change of workplace and procedure does create a certain degree of uncertainty within the workplace because of the effect of pandemic, thus creating tension and job dissatisfaction among the auditors (Kahn et al., 1964; Tubre and Collins, 2000; Zaini Ahmad, and Taylor, 2009; Senatra, 1980).

### *5.2. Practical implication*

Human resource and line managers have an important role to play in ensuring employees are fairly remunerated and compensated. Clearly, this is in line with the efficiency theory where higher wage would motivate and encourage productivity, because losing a job is considered as a high switching cost (Malcomson, 1981; Shapiro and Stiglitz, 1984; Katz, 1986), in particular during the pandemic, auditors may become more sensitive towards their job security and perceived compensation factors (Hitka et al., 2021).

For human capital training, it is crucial because such facilitation allow individuals to hone their skills and reduce likelihood of poor performance, more so in the midst of pandemic, as inadequate information and knowledge can impede their auditing process (Yao et al., 1993; Rabia Imran et al., 2020; Brown et al., 2016; Yuen et al, 2013; Cheng et al. 2008). Thus, staff with failure in human resources may fail to equip their employees with the right equipment and skills required to adapt to the situation of the pandemic and thus lead to poor audit performance (MIA, 2018).

For COVID-19, the areas affected are human capital, staff salaries, audit procedures, going concern assessment and audit fees. Thus, it is up to the auditor firms to counter this impact from the pandemic in order to remain competitive in the industry. Time pressure does not seem to be a key factor in determining perceived audit quality reduction behaviour. This could be due to the fact that auditors often under report actual time used which appears to be a common habit among the auditors. Another potential reason is that despite having to work under time constraint, most auditors remain firm with their professionalism at the expense of scarifying extra time to get the job done (Svanberg, and Ohman, 2013; Paino et al., 2010; Yuen, et al., 2013). As to role ambiguity, it also does not relate to perceived audit quality reduction behaviour probably because the respondents had their internship gaining expectation and information required to curb role ambiguity in the field (Tubre and Collins, 2000). Conversely, human capital training is essential where it can help reduce role ambiguity by providing useful information to their staff employees (Becker, 1993; Rabia Imran et al., 2020). Establishment of a highly competent human capital department within the audit industry could quickly promote a highly educated and experienced workforce (Samagaio and Rodrigues, 2016). It could also be seen that auditors were well prepared to adapt to the new norm during the pandemic but there were some obstacles faced by their clients in terms of communication.

### *5.3. Recommendations for Future Research*

It is important to note that the context of research studies is constantly evolving and this study is performed under the context of pandemic situation, thus the result obtained may not be applicable to different situations or contexts. Hence, a comparison of pre- and post- pandemic study might produce variegated outcomes and novel insight (Prommegger et al., 2021; Hitka et al., 2021).

In addition, despite those new discoveries were found on the relationship between job context variables and job satisfaction, they do not lead to perceived audit quality reduction behaviour, thus, where does it lead to? It might be interesting to investigate by way of in-depth interviews with those senior and experienced auditors, as well as junior and inexperienced auditors as to how the pandemic has affected the audit industry and workplace. Reason for assessing both inexperienced and experienced personnel is because of different lenses and perspectives based on each individual's background.

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