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Research Article

Input Factors Determining Audit Quality in Albania

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Abstract

The purpose of this paper is to provide insights on the way in which the impact of input factors is perceived, as it had been defined by IASSB in 2014 according to the quality of auditing in Albania. In particular, the paper focuses on the point of view of the party involved in the audit market, a statutory auditor, who has the appropriate information and technical knowledge for the proper assessment of the audit quality. The paper examines the way in which the quality of the audit is influenced by Input factors, through an in-depth analysis of these factors, and their influence mode. This research is based on an interpretive research approach using quantitative research methods. The instrument used for this survey is the Questionnaire, it addresses legal auditors that are used as a sample. The study shows that the respondents' group perceives a positive impact of the input factors on the quality of audit, especially those consisting of Value/Ethics/ Attitudes, aspects related to the personal characteristics of legal auditors. In general, the findings of the paper can be considered important for the stakeholders for audit engagements and for academic researchers wishing to develop a deeper understanding of this contribution.

Keywords: quality of audit, influencing factor, perceived quality

1. Purpose of the Study

The role and contribution of the legal auditor is to protect the public interest through the implementation of technical and professional standards in compliance with the requirements deriving from the Code of Ethics, therefore it is important to develop quality control at the individual engagement level and quality control should be organized within the auditing company. This paper aims at studying the way in which the quality of the audit is influenced by Input factors, through an in-depth analysis of these factors. The evaluation will be based on the points of view of the specialized auditing market participants so that the evidence gathered and the results achieved are an outcome of the opinion of figures with technical and professional competence in the sector. This study is a significant contribution to this subject, since there has been no detailed research in our country that has deeply assessed the view of legal auditors on the importance of Input Factors. To complete the purpose of this paper, several objectives have been developed, which are thought to be obtainable and useful for the work itself.

These objectives can be summarized as follows:

- Determining the Input, Output and Context factors, which are perceived to be the most important to the quality of auditing from the point of view of active legal auditors;
- Determining the Input Factors, and the manner in which they are perceived to affect the quality of the audit;

This paper has been drafted based on the division of factors influencing the quality of the audit, Input, Output and Contextual, made in 2014 by the International Standards of Auditing and

Security Standards Board (IAASB). Its purpose is to determine the factors influencing the quality of audit in Albania, and in particular to widen the knowledge on Input factors as the most important factors in building the qualitative audit perception. The research question of the paper is presented as follows.

Research question: Which are the Input factors affecting the quality of the audit?

The audit quality framework, published by the IAASB in 2014, divides factors that affect audit quality into 3 (three) categories, Input, Output, and Contextual. Starting from this division, the relevant section of the questionnaire is also compiled. This question will be answered for each of the categories of Input, Output and Context factors from the point of view of legal auditors. From the literature review, it turns out that the factors included in the Input category are considered to be the most influential to the quality of the audit and, precisely for this fact, are also the most studied over the years by different field researchers.

In order to give a full and clearer answer to the research question, we will first analyze the way of influence of the mentioned factors on the quality of the audit. This will be accomplished through the processing of data collected from the questionnaire, resulting in the perception of the impact of Input, Output and Context factors on the quality of the audit.

2. Contribution of the Work

From the conducted research in the framework of this work, in Albania in particular, the audit quality research is limited. Above all, researches that seek to widen specific knowledge about the way in which the inputs effect qualitative audit. Consequently, it can be asserted that the work is relevant for various aspects which are summarized briefly in the following.

This paper:
1. Adds and extends existing knowledge on the quality of audit literature, in particular by providing evidence derived from the audit practice in Albania and using the interpretive method;
2. Provides further knowledge of the prevailing factors affecting audit practices and the qualitative audit concept;
3. Helps regulators, managers, audit practitioners and academics to better understand the nature of factors that may affect audit quality.

3. Limitations of the Paper

Like any scientific paper exploring new research areas and being carried out by simple individuals (like all of us), this work also has some limitations that we note below with the intention to attract in the future, other scholars interested people who will probably have the opportunity to overcome these limitations. First, the data collection technique itself through the survey instrument carries the risk of biased information generated by this instrument. Secondly, regarding the sample, the number is limited, as and through the use of different instruments to get answers, it was very difficult to get them from the respondents. Third, this study only covers perceptions about audit quality from the point of view of AL. Thus, a limitation of the study is that it excludes some key participants in the audit system, such as managers and shareholders or partners of the audit company. Furthermore, the relevant literature is very limited in Albania, which makes it difficult to compare the findings with previous evidence. In conclusion, another aspect of research that may be considered restrictive is the possible existence of different forms of prejudice, subjectivity and interpretation, such as personal prejudices and personal responses from respondents. The limitations of the research method effect all forms of research.

4. Source, Data Collection/Analysis and Sampling

For the completion of this paper a questionnaire research tool has been used which has provided primary data. The group of first respondents was composed of active legal auditors registered with IEKA. The actual number of active AL is 208 (according to www.ieka.al accessed on 20 November

2018). A random sampling method was used, through the direct distribution of questionnaires, during the annual AL training held at Tirana International Hotel, on 23 November 2018. This direct contact was selected to increase the participants number of responses, as it did not produce any results by contacting them via email or phone. The number of questionnaires distributed was 70, while the number of questionnaires completed by respondents was 29. Given a population of 208 accounting experts, the percentage of the sample is over 10%, which is considered statistically representative and valid to draw conclusions.

5. Statistical Methods Used for Data Processing

In order to fulfill the purpose of the paper, different statistical methods of processing of data were used. These methods were used to process quantitive data collected from the questionnaires. The methods used can be summarized and briefly defined as follows:

- *Descriptive analysis*, which consists of several statistical indicators, which are interpreted in the generalization language. Thus are: *average*, which means the average of all observed elements for each variable and is calculated as the ratio of the amount of responses to this variable with the number of the choice; *median*, refers to a type of mean, but in terms of ranking the answers from the smallest to the largest, the median is the element in the middle of this ranking; the maximum refers to the highest value of the answers received; the minimum, in contrast to the maximum, refers to the lesser value of the answers received from the observation; *standard deviation* is another type of average that refers to averages of deviations from the average of the responses obtained from the observation.
- *T test*, a procedure that consists in verifying whether the difference between population averages is equal to, greater than, less than zero.
- *ANOVA variation analysis*, a statistical method that is based on the variations caused by the factor under consideration. Factorial variation analysis is a statistical analysis tool that enables measuring the effect of a factor on a variable of interest by measuring and analyzing the extent of its variation related to the action of the factor in question.
- *Regression analysis*, statistical method that can be used to express the relation between variables by means of a mathematical equation. In accordance with the regression theory, the variable predicted by the mathematical equation is called a dependent variable. The variable or variables used to predict the value of the dependent variables are called independent variables. The regression analysis explains how changes in the independent variable effect the dependent variable.
- *Stepwise regression analysis* is a form of regression analysis that inserts or removes dependent variables in the model based on a set of specific pre set conditions until there are no justifiable reasons to insert or remove variables.

6. Analysis of Results

The following are the findings from the processing of the data evidenced through the questionnaire research tool. The data collected from the questionnaires were processed according to the appropriate statistical methods, considering the quality and quantity of these data. For the processing of data collected through the statistical questionnaire instrument, statistical software SPSS was used. SPSS is the abbreviation of the Statistical Package for the Social Science, while today it has the meaning of Statistical Product and Service Solutions because it is used by all people who need to present their work through statistical functions. Today, it is considered as one of the most popular statistical packages, through which we can analyze data by following very simple instructions. The program consists of an integrated software series that enables the user to read data from questionnaires, polls or other sources, process the data in various ways (by interest) and produce a series of statistical analyzes and relevant reports.

6.1 Characteristics of respondents, composition of choice

The following provides information on the demographic aspects of the group of respondents, Legal Auditors, in order to create a more complete view of the source of primary data processed for the objectives of this paper. Regarding to the group of statutory auditors, the following is a reflection of the composition of this group, based on the data collected through the questionnaire instrument (first section), by gender, age group, work experience and the role covered in the engagements of audit. Referring to Figure 6.1, the gender composition of respondents is 59% females and 41% males. As far as age is concerned, Graphic 6.2 shows that 55% of respondents belong to the age group 46-60, about 21% of respondents belong to the age group 35-36 and over 60, meanwhile a small percentage of about 3% belongs to the 25-35 age group. The lasst age-group represents the lowest percentage due to the criteria needed to be fulfilled for a person to be a statutory auditor, where after completing the university, with the a Masters degree, it is necessary to assist a statutory auditor for 3 to 5 years, as well as passing the exam for obtaining a professional title. Fulfilling these formative obligations requires time and as a consequence extends the average age for obtaining this professional qualification.
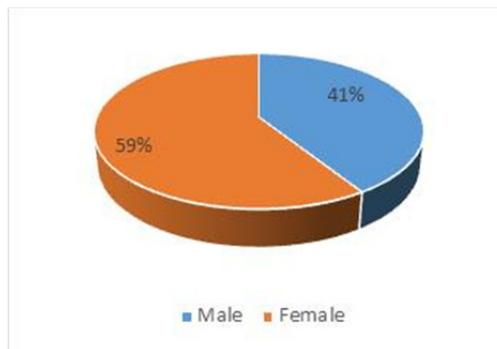
Graphic 6.1: The composition of choice by gender
Source: Author
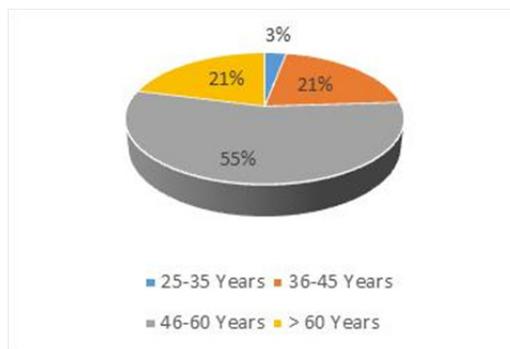
Graphic 6.2: The composition of choice by age
Source: Author

Regarding the work experience of respondents, chart 6.3 below, shows that around 76% of them have more than 5 years of experience, about 14% of respondents have 3-5 years of work experience as an auditor and the rest less than 3 years of work experience in auditing. This can be considered a positive aspect for the purposes of the parep, as it means that the vast majority of

respondents have a long experience and as a consequence can assess the quality of the audit in relation to its changes over the years. Also, in Figure 6.4, the role of AL respondents in the audit engagements is detailed, whereby the majority of them practise their profession as private professionals. This can be considered significant and positive for the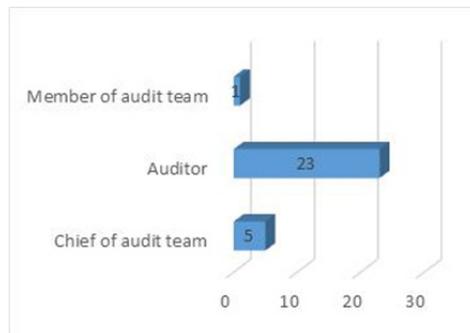 purposes of the work, as the respondents follow the audit engagement and have full knowledge of it, from the moment the customer relationship starts up to the editing of the audit report.
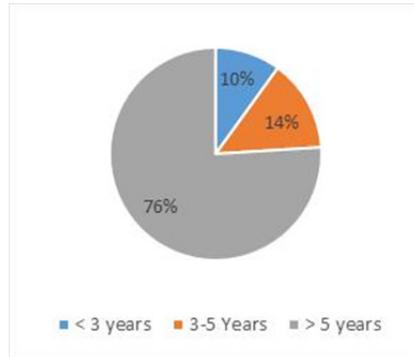
Graphic 6.3: Audit experience
Source: Author

Graphic 6.4: Role in a commitment
Source: Author

6.2   Responses to the Research Questionnaire and Authentication of the Hypothesis

Based on the quality assurance framework published by IAASB in 2014, the determining factors of the audit quality are detailed as follows:
　　Input Factors
　　a) the values, ethics and attitudes of auditors;
　　b) the knowledge, experience of auditors and the timing for carrying out the audit;
　　c) the effectiveness of the audit process and the quality control procedures.
　　Within these categories, quality attributes are further organized between those that apply directly to:
　　a) audit engagement level;
　　b) auditing company level;
　　c) national level and consequently indirectly for all audit firms operating in a country and the audits they undertake.

Output Factors

Audit results are often determined by the context, meeting legal requirements. While some actors may influence the nature of the results, others have less impact. For some stakeholders, such as investors listed in stock markets, the auditor's report is the main output.

Contextual factors

There are a number of contextual factors that can ease the quality of financial reporting, including corporate governance and the applicable financial reporting framework. Contextual factors, including legal and regulatory requirements, also form interactions among key stakeholders. These factors may also affect the audit risk, the nature and extent of audit evidence required, and the efficiency of the audit process.

To determine the factors influencing the quality of the audit, data collected by questionnaires were processed in the SPSS program. Following the process, various steps will be taken to carry out this analysis. From the review of the literature, it turns out that the factors included in the Input category are considered to be the most important for increasing the quality of the audit and, precisely for this fact they have been studied the most during the last years. For the purposes of the work, data are collected on each of the factors that consist in how the key actors in the audit consider these factors. ANOVA variation analysis method is selected as a method that is based on the variation that causes the factor under consideration. Factorial variation analysis is a statistical analysis tool that makes it possible to measure the effect of a factor on a variable of interest by measuring and analyzing the extent of its variation related to the action of the factor in question. To perform the variation analysis, it is necessary to complete the two main conditions that are the normality and homogeneity of variances. The tables below shows the data generated by SPSS regarding the testing of normality and homogeneity.

Table 6.2.1 Normality test for Input, Output and Contour factors

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Ëilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Input Factors	.107	29	.200[*]	.964	29	.421
Output Factors	.152	29	.083	.904	29	.072
Contekstual Factors	.202	29	.004	.930	29	.057

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Source: Author

From the development of this test, note the value that gets p value (Sig.) If it is higher than 0.05, this means that the variables have a normal distribution and can be followed by further statistical analysis. From Table 6.2.1, we note that p value (Sig.) for all three factors above is greater than 0.05, which makes us believe we have sufficient evidence to accept the normal distribution of the three variables above with confidence level 95%.

Table 6.2.2. The variance homogeneity test for Input, Output, and Contextual Factors.

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Input Factors	1.375	2	26	.271
Output Factors	6.886	2	26	.056
Contekstual Factors	3.267	2	26	.054

Source: Author

Referring to Table 6.2.2 of the test results on the "Homogeneity of variance" of the Levens test, we

notice that all p-values (Sig.) are higher than 0.05 what makes us believe with 95% confidence that in this case, for the three variables under consideration, the condition of variance homogeneity was met. In Annex 1, tables no.12 and graphs no. 2, 3, 4 provide more extensive information regarding the fulfillment of the conditions above.

In the conditions when the variables (Input, Output, Contextual) have been met, the conditions above are followed by carrying out the variation analysis (ANOVA 1 factor) for each of the three major factors. From the data presented in the following table 6.2.3 we observe:

- The p-value for the Input factor (0,000) is less than 0.05. Under these conditions we conclude that we have sufficient evidence to believe with 95% confidence that the Input factor is an important factor in the perception of Qualitative audit.
- the same can be said for the Output factor. Even for this factor its p-value (0.004) is less than 0.05, therefore we find that we have sufficient evidence to believe that the Output factor is important in the perception of Qualitative audit.
- p-value (0.019) for the Contextual factor is less than 0.05 and we conclude that this factor is also important in the perception of Qualitative audit.

As a conclusion, we can say that with a 5 percent level of importance, the three factors identified so even theoretically, are important in terms of "Quality of Audit".

Table 6.2.3 The variance analysis results for factors, Input, Output, and Contextual.

ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Input Factors	Between Groups	3.852	2	1.926	14.149	.000
	Within Groups	3.539	26	.136		
	Total	7.392	28			
Output Factors	Between Groups	6.717	2	3.358	6.871	.004
	Within Groups	12.709	26	.489		
	Total	19.426	28			
Contextual Factors	Between Groups	4.453	2	2.226	4.655	.019
	Within Groups	12.435	26	.478		
	Total	16.888	28			

Source: Author

Further will be proceeded with the analysis of the data in order to clarify all the available and instrumental information in order to give the proper answer to the research question.

To accomplish the paper's purpose it is neccesary to continue with the method of comparing the averages of the two populations "paired t-test".

This procedure consists in verifying whether the difference between population's averages is equal to, greater than, zero, in the case of a dependent choice. In our case the judgment on the input, output and context factors is confirmed or ensured by the same individuals, so we are in the terms of the depended choices and therefore we can use this method for comparing the averages of the above factors in pairs.

The following we will compare:

Input Factors with Output Factors

Output Factors with Contextual Factors

Input Factors with Contextual Factors

The results of each of the cases are presented in the following tables:

H0: $\mu\_$ (Input Factors) $<=$ $\mu\_$ (Output Factors)

If: $\mu\_$ (Input Factors)$>$ $\mu\_$ (Output Factors)

Table 6.2.4. Test Results for Comparison of Input and Output Factors.

Paired Samples Test

| | Paired Differences | | | | | t | df | Sig.(2-tailed) |
| | | | | 95% Confidence Interval of the Difference | | | | |
	Mean	Std. Deviation	Std. Error Mean	Loëer	Upper			
Pair Input Factors – Output 1 Factors	.12069	.55958	.10391	-.09216	.10354	1.181	28	.056

Source: Author

Test Function: If the basic hypothesis is not rejected, this means that the average factor output is greater or equal to the input factor's average, so the output factor has a higher impact on the audit quality. As long as no alternative hypothesis is rejected, this means that the input factor has a greater impact than the output factor in the quality of the audit. Otherwise we can say that if we reject the alternative hypothesis, we will accept that ($\mu\_$ (input factor) -$\mu\_$ (output factor))> 0, meaning that $\mu\_$ (Input Factor)> $\mu\_$ (Output Factor) so the Input Factor has a greater impact than the Output Factor.

Referring to the data in Table 6.2.4, the p-value is 0.056, a value that is valid for the two-sided test, in our case the p-value bias hypothesis would be 0.056 / 2 = 0.028.

Since p-value = 0.028 <0.05, we have enough evidence to reject H0 and to accept the alternative hypothesis, which means that the input factors have a higher impact than the output factors in the quality of audit with confidence level 95%.

H0: $\mu\_$ (input factors) <= $\mu\_$ (Contextual Factors)

If: $\mu\_$ (input factors)> $\mu\_$ (Contextual Factors)

Table 6.2.5. Test results for Input and Contrast Factor Comparison.

Paired Samples Test

| | Paired Differences | | | | | t | Df | Sig. (2-tailed) |
| | | | | 95% Confidence Interval of the Difference | | | | |
	Mean	Std. Deviation	Std. Error Mean	Loëer	Upper			
PairInput Factors- Contextual 1 Factors	.78897	.56902	.10566	-.13748	.29541	2.747	28	.074

Source: Author

From analyzing the above data we conclude that: given that p-value = 0.037 <0.05, we have sufficient evidence to believe that Input factors have a higher impact than Contextual factors in 95% trust-qualitative audit.

In conclusion we can say that the Input factor has a higher impact on the perception of the quality of the audit.

The same conclusion is reached if we use the regression analysis. For this purpose, independent variables and variable variables are identified as follows:

- Dependent variable: "Quality of Audit"
- Variable independent "Input Factors" "Output Factors" "Contextual Factors"

Regression analysis is a statistical method that can be used to express the relation between variables by means of a mathematical equation. In accordance with the regression theory, the variable predicted by the mathematical equation is called a dependent variables. The variable or variables used to predict the value of the dependent variables are called independent variables. The regression analysis explains the effect of changing the independent variable in the set variable (regression coefficients).

The general idea of regression is to examine two main issues: (1) can a set of variables (dependent) give a good prediction of a dependent variable (dependent)? (2) Which variables in particular are important predictors of interest variable variances and in what way? These regression estimations are used to explain the relationship between a dependent variable and one or more independent variables.

Given the above, we will look at the relationship between the dependent variables and the three independent variables previously quoted. Linearity, multicollarity and heteroskedasticity have been tested in advance and given that we are in the conditions of fulfilling these statistical assumptions, a regression analysis is performed whose results are presented in the following table 6.2.6.

The linear regression model for the connection between the variable, the quality of the audit and the 3 dependent variables will be as follows:

Qualitative audit (CA) = b0 + b1 * Input Factor (FI) + b2 * Output Factor (FO) + b3 * Contextual Factor (FK) + Ɛ

Table 6.2.6 Regression analysis

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Constant)	.216	.611		.354	.726		
1 Input Factors	.956	.240	.815	3.981	.001	.367	2.721
Output Factors	.014	.142	.020	.101	.921	.400	2.498
Contekstual Factors	-.054	.137	-.069	-.393	.698	.496	2.015

a. Dependent Variable: MCA1

Source: Author

In the second column of the table are estimated 3 regression coefficients and the constant. After replacing them with the model we will have:

CA = 0.216 + 0.956 * FI + 0.014 * FO - 0.054 * FK + Ɛ (1)

- b1 = 0.965 is the coefficient of regression at the FI, which indicates that the quality of the audit increases by 0. 965 units (significant increase) for each increment of Input Factor. In column 5 we observe that p-value for coefficient b1 is less than 0.05, which means that β1 coefficient is statistically significant.
- b2 = 0.014 is the regression coefficient near the FO, which indicates that the quality of the audit increases with 0. 014 (modest increase) units for each increased unit of the Output Factor. In column 5 we observe that the p-value for the coefficient b2 is greater than 0.05, which means that the coefficient β2 is not statistically significant.
- b3 = -0.054 is the regression coefficient at FK, which indicates that the quality of the audit is reduced by 0. 054 units per each increased unit of the Contextual Factor. In column 5 we note that the p-value for the coefficient b3 is greater than 0.05, meaning that the β3 coefficient is not significant, therefore regardless of the β3 coefficient in the selection is different from 0, in the population of auditors the opposite occurs.

Given the fact that the correlation coefficient is estimated at 0.784, while the corrected one is 0.569, that is greater than 0.05, we find that the data show a moderate relation which is statistically significant at 5% (p value < 5%). From the ANOVE table, we conclude that the model is statistically significant.

Another method for selecting variables in the model is stepwise, which inserts into the model or removes dependent variables based on the same set specific prerequisites until there are no justifiable reasons for it to insert or remove variables. This is also the reason behind the stepwise method of regression analysis to determine whether input factors have a higher impact on audit

quality. The results of the stepwise analysis method are presented in table 6.2.7.

From the table we note that the final model obtained by the stepwise method is:

CA = 0.212 + 0.918FI + Ɛ (2)

From Table 6.2.6, we also observe that the coefficient near the Contextual factor and the coefficient close to the Output Factor despite being recorded in the sample are not significant in the population of all auditors. Meanwhile from equation (2), we notice that only an independent variable (Input Factor) best explains the dependent variable (Audit Quality) thus confirming once again the truth of the first hypothesis according to which the Input Factor is a factor important in the perception of Quality of Audit.

Table 6.2.7. Regression analysis by stepwise method

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.212	.574		.370	.714		
	Faktoret Input	.918	.140	.783	6.535	.000	1.000	1.000

a. Dependent Variable: MCA1

Source: Author

Meanwhile in Table 6.2.8 are presented the removed variables and their main indicators. It is evident that for both removed factors from their p-value is greater than 0.05 which reconfirms that these factors are not statistically significant with 95% confidence.

Table 6.2.8 The variables removed from the model with the stepwise method

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	Faktoret Output	-.001[b]	-.007	.994	-.001	.433	2.311	.433
	Faktoret kontekstual	-.064[b]	-.388	.701	-.076	.536	1.864	.536

a. Dependent Variable: MCA1

b. Predictors in the Model: (Constant), Faktoret Input

Source: Author

The analysis of the results of the responses shows a positive perception of the significant influence that the three factors, Input, Output and Contextuality, have in audit quality. The three categories of factors considered in this paper have a positive impact on increasing the quality of the audit. In particular, according to the perception of the respondents, the quality of the audit is more affected by Input factors. Output and Context factor have a less important impact.

In the table 6.2.9 we will see in details the assessments that take the assumptions about the input factors, especially those that refer to the Value, Ethics and Attitudes of AL during the practise of the profession. This is done with the aim to deepen the analysis of the input factors that affect the quality of the audit and as a consequence of having a detailed picture of this aspect.

Table 6.2.9: Input Factors, Value / Ethics / Attitudes

No	Assertions	1	2	3	4	5	Mean	Mode	Median	SD	SKW
1	The auditor is aware that the audit service is performed in the public interest		1	3	12	13	4.28	5.00	4.00	0.797162	-1.00972
2	The auditor behaves objectively and with integrity		1	1	10	17	4.48	5.00	5.00	0.737791	-1.65592
3	The auditor is independent			7	3	19	4.41	5.00	5.00	0.866736	-0.95242
4	The auditor represents professional competence and due diligence		1	1	11	16	4.45	5.00	5.00	0.73612	-1.54029
5	The auditor acts with professional skepticism			2	10	17	4.52	5.00	5.00	0.633623	-0.97362
6	The governance of the audit firm creates a working environment that favors objectivity and independence		1	9	12	7	3.86	4.00	4.00	0.833415	-0.12434
7	The audit firm promotes the personal characteristics essential for the quality of the audit.		2	7	12	8	3.90	4.00	4.00	0.900192	-0.41681
8	Financial aspects do not promote actions and decisions that may have an adverse effect on the quality of the audit	1	2	6	14	6	3.76	4.00	4.00	0.987608	-0.90857
9	The Society emphasizes the importance of delivery to partners and staff of quality technical support		1	6	14	8	4.00	4.00	4.00	0.801784	-0.44654
10	Society promotes a culture of consultation on difficult issues.		3	5	10	11	4.00	5.00	4.00	1	-0.69048
11	There are strong systems on which customers acceptance decisions are made and continuity of relationship with them		6	6	10	7	3.62	4.00	4.00	1.082781	-0.24361
12	Ethical standards that make clear the basic principles of ethics and specific requirements to be implemented are published			7	9	13	4.21	5.00	4.00	0.818505	-0.41274
13	Regulators and professional accounting organizations are active to ensure that ethical principles are understood and requirements are applied consistently		2	5	11	11	4.07	4.00	4.00	0.923156	-0.72877
14	Important information about the customer's decision-making is communicated between audit firms / EDFs	3	3	6	12	5	3.45	4.00	4.00	1.212618	-0.70955

Source: Author

From the table we note that the median is, for all the claims, greater than the value of 4, which means that the respondents fully agree with the statements, and therefore consider Input factors, especially those related to Ethics, Values and Attitudes as Qualitative.

The statements that receive the highest value, and consequently identify aspects that are considered as the most qualitative, are: *"The auditor acts with professional skepticism"*, so the auditor pays attention to the conditions that may indicate anomalies due to error or fraud.

"The auditor behaves objectively and with integrity", the auditor's reports should be accurate and objective, and therefore should be based solely on the evidence provided, and auditors have a duty to adhere to high standards of conduct (eg. sincerity and openness) in their work and relationship with the staff of the audited entities.

"The auditor represents professional competence and due diligence", the auditors have the duty to behave professionally at all times and apply the high professional standards while performing their work and preparing relevant reports.

"The auditor is independent", independence from audited entities and other external interest groups is mandatory for auditors, this means that they should operate in a way that promotes their indepencence.

We also note that Mode varies from 4-5, which shows that most fully agree with the above statements, which reinforces the idea of the perception of this component as qualitative.

If we refer to the average indicator, we notice that the minimum mean value of each statement is 3.45 and the maximum is 4.52, which indicates a tendency to perceive statements above 3 which means agree and fully agree.

In the table 6.2.10 we will see in details the evaluation of statements according to the input factors, particularly those referring to Recognition, Experience and Time of AL during the practise of the profession.

Table 6.2.10: Input Factors, Recognition / Experience / Time

No	Assertions	1	2	3	4	5	Mean	Median	Mode	SKw	Sd
1	The auditor has the necessary competence			3	11	15	4.41	5.00	5.00	-0.75308	0.682288
2	The auditor understands the business activity practiced by the client			4	10	15	4.38	5.00	5.00	-0.74213	0.727706
3	The engagement partner is actively involved in risk assessment, planning, supervision and review of the work performed			3	12	14	4.38	4.00	5.00	-0.64075	0.676852
4	Personnel performing "on-the-spot" internal audit work have sufficient experience, their work is directed, supervised and reviewed, and there is a reasonable degree of staff continuity.		2	2	17	8	4.07	4.00	4.00	-1.032	0.798706
5	The auditor has sufficient time to undertake the audit effectively			1	8	12	8	3.93	4.00	4.00	-0.24919	0.842235
6	The auditor can be reached by the management and those who are in charge of governance			3	7	11	8	3.83	4.00	4.00	-0.39689	0.966177
7	Partners and staff have enough time to deal with the difficult issues when they appear			3	5	11	10	3.97	4.00	4.00	-0.65791	0.981353
8	Audit teams are structured properly			1	9	12	7	3.86	4.00	4.00	-0.12434	0.833415
9	Partners and more qualified staff provide less experienced staff with convenient training or "on the job" training.			1	9	14	5	3.76	4.00	4.00	-0.87587	0.872401
10	Sufficient training is provided to audit partners and staff for auditing, accounting and, where appropriate, specific industry issues			1	5	14	9	4.03	4.00	4.00	-1.3105	0.905647
11	There are strong criteria for licensing audit firms / legal auditors			1	6	12	10	4.03	4.00	4.00	-1.16565	0.944259
12	Educational requirements and necessary trainings are clearly defined			1	6	10	11	4.07	4.00	5.00	-1.17256	0.978607
13	There are measures to inform auditors about current issues and to provide their training in accounting, auditing or new regulatory requirements			1	6	13	9	4.03	4.00	4.00	-0.47915	0.823007
14	The audit profession is well-positioned in order to attract and retain high-quality professionals			1	9	13	6	3.79	4.00	4.00	-0.81751	0.901559

Source: Author

From the table we note that the median is for all the statements greater than the value of 4, which means that the respondents fully agree with the statements, and therefore consider the Input factors, related to Recognition, Experience and Time as qualitative. The statements that receives the highest value, and consequently identify aspects that are considered as the most qualitative, are:

"The auditor has the necessary competence", the auditors must have the appropriate knowledge on the constitutional, legal and institutional principles and standards of the institution that is being audited.

"The auditor understands the business activity practiced by the client", the auditor should study the activity of the client, the relevant sector and as a result of the specifics that characterize it;

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"The engagement partner is actively involved in risk assessment, planning, supervision, and review of the work performed", active involvement allows it to have a better understanding of the activity performed by the client, and as a result, it helps in decision making. We also note that Mode varies from 4-5, which shows that most respondents fully agree with the above statements, which reinforces the idea of the perception of this component as qualitative.

If we refer to the average indicator, we notice that the minimum of the average values of each statement is 3.76 and the maximum is 4.41, which indicates a tendency to perceive statements above 3 which means fully agree.

In the table 6.2.11 we will see in detail the estimates on input factor statements, in particular those referring to the Audit Process and the Quality Control Procedures of AL during the practice of the profession.

Table 6.2.11: Input Factors, Audit Process / Quality Control Procedures

No	Assertions	1	2	3	4	5	Mean	Median	Mode	skw	SD
1	The composition of the audit team is in accordance with the auditing standards, the relevant laws and regulations, as well as the quality control procedures of the audit firm			5	17	7	4.07	4.00	4.00	-0.06451	0.65088
2	The audit team correctly uses information technology.			7	18	4	3.90	4.00	4.00	0.056849	0.617878
3	There is effective interaction with others involved in the audit, including, where possible, internal auditors.	1		7	13	8	3.93	4.00	4.00	-1.02654	0.923156
4	There is a good deal with the management in order to achieve the efficiency of the audit		1	5	18	5	3.93	4.00	4.00	-0.56409	0.703615
5	Proper audit documentation is maintained		1	2	16	10	4.21	4.00	4.00	-0.944	0.726012
6	Audit methodology is tailored to developments in professional standards and findings from internal quality control audits and external audits			4	14	11	4.24	4.00	4.00	-0.35654	0.68947
7	Audit methodology encourages individual team members to apply professional skepticism and exercise the right professional judgment			5	13	11	4.21	4.00	4.00	-0.34256	0.726012
8	The methodology requires effective oversight and review of audit work			6	11	12	4.17	4.00	4.00	-0.30647	0.75918
9	The methodology requires proper audit documentation.		1	4	11	13	4.24	4.00	5.00	-0.89691	0.830455
10	Rigorous quality control procedures are established, the quality of the audit is monitored and appropriate actions are taken		2	4	14	9	4.03	4.00	4.00	-0.77973	0.865314
11	Where required, effective audits of quality control are carried out		1	7	14	7	3.93	4.00	4.00	-0.32335	0.798706
12	There are specific audit standards that make clear the underlying objectives as well as the specific requirements that are applied		1	4	13	11	4.17	4.00	4.00	-0.77477	0.80485
13	The responsible organs for external audit examinations consider the relevant attributes of audit quality, both within audit societies and individual audits		1	7	10	11	4.07	4.00	5.00	-0.47442	0.883622
14	There are effective systems for investigating audit failures and taking disciplinary measures when appropriate		1	10	13	5	3.76	4.00	4.00	-0.0045	0.786274

Source: Author

From the table we notice that the median is for all the claims is equal to the value of 4, which means that respondents agree with the assertions and consequently consider Input factors related

to the Audit Process and Quality Control Procedures as qualitative. The statements that receive the highest value, and as a consequence highlight the aspects that are considered as the most qualitative, are: "Audit methodology is geared to developments in professional standards and findings from internal controls of quality control and external inspections, "The methodology requires proper audit documentation.", "The existence of proper audit documentation", "Audit methodology encourages individual team members to apply professional skepticism and perform the right professional judgment".

We also note that Mode varies from 4-5, which shows that most respondents fully agree with statements claimed above, which reinforces the idea of the perception of this component as qualitative.

If we refer to the average indicator, we notice that the minimum average value of each statement is 3.76 and the maximum is 4.24, which indicates a tendency to perceive statements of 3 which means agree or fully agree.

7. Conclusions and Recommendations

At the end of the paper, we will summarize the main findings of the paper, within the framework of its originally presented purpose, recalling that it was the in-depth study of the Input factors that most affect the quality of the audit, from the point of view of the group of respondents, legal auditor. In addition, recommendations will be presented, considered appropriate, within the framework of the findings. This paper will be completed by giving an outlook of the contributions and limitations of the paper as well as suggestions for further researches.

7.1 Key Findings

Below we present the main findings by considering the question asked at the beginning of the paper.

Research question: What is the impact of input factors on audit quality?

From the assembled evidence, we conclude that all three factors considered, input, output and context are important in relation to Quality of Audit. In particular, the factors that are perceived as most influential to the quality of auditing in Albania are Input factors, followed by Outputs and Contextual ones. This evidence is assembled through 3 different statistical methods, which prove all the hypothesis raised about the main relevance of the Input factors to the concept of audit quality. The input factors are considered more important, ie value-related factors, ethics and attitudes/knowledge, experience and time/audit process and quality control procedures, this higlihts the fact that the features related to the individual aspects of the auditor, the values of the audit firm, the organization of the profession of auditors at the national level, etc., are considered as the most important for a high level of audit quality. Regarding the research question, it results that the most influential input factors are those that are closely related to the personal characteristics of legal auditors, ie Values, Ethics and Attitudes. The statements that receive the highest value, and consequently identify aspects that are considered as the most qualitative, are:

"The auditor acts with professional skepticism", so the auditor pays attention to the conditions that may indicate anomalies due to error or fraud.

"The auditor behaves objectively and with integrity", the auditor's reports should be accurate and objective, and therefore should be based solely on the evidence provided, and auditors have a duty to adhere to high standards of conduct (eg. sincerity and openness) in their work and relationship with the staff of the audited entities.

"The auditor represents professional competence and due diligence", the auditors have the duty to behave professionally at all times and apply the high professional standards while performing their work and preparing relevant reports.

"The auditor is independent", independence from audited entities and other external interest groups is mandatory for auditors, this means that they should operate in a way that promotes their indepencence.

Regarding the research question, it results that the most influential input factors are those that are more closely related to the personal characteristics of legal auditors, ie Values, Ethics and Attitudes. Input factors, Recognition / Experience / Time, as well as input factors such as Audit

process / Audit control procedures have a positive impact in audit quality. These two macro-factor categories have a positive impact on the quality of the audit, even thought it is more limited.

7.2 Recommendations

Concidering the findings of the research outlined above, it is appropriate to follow the recommendations drawn up precisely within these findings.

The first result of the paper, confirmed the first hypothesis raised about the primary importance of input factors on audit quality. In the three categories of factors involved in the survey, input, output, and contextuality, the context factors were less influential.

Given that contextual factors include the legal framework, the way of governance of societies, information systems, cultural aspects, etc., the cause of this limited importance may be the fact that in Albania these factors are less developed. In fact, the culture of governance, information systems or cultural aspects that may favor audit quality are less developed due to the fact that the Albanian economy is a new and emerging economy, and an appropriate recommendation would be to inform auditing companies, current and potential, on the importance of developing these factors for a long-term profitability.

The second finding of this paper identified that the most important input factors are those that relate to the values, ethics and attitudes of the legal auditors during an audit engagement. This means that aspects related to personal traits are the ones that are perceived to affect mostly the quality of the audit. Consequently, it is important that supervising institutions such as IEKA or the Public Oversight Board to have a particular focus on their work that is growing quality of audit.

7.3 Contribution of the work, its limitations and suggestions for future research

Despite the development of studies that emphasise the meaning of the audit activity, far little attention has been paid to exploring how the concept of audit quality is perceived in practice in the context in which it is developed every day, in particular referring to Albania. Therefore with this paper we tend to give a contribution in this direction, in Albania, on which further in-depth researches can be developed in different directions.

The study, same as any other research, is a subject to certain limitations, which are related to the operation field of the involved groups and the limitations of the data collection methods. This study is an explorer in nature and only covers perceptions about audit quality from the point of view of AL. Thus, a limitation of the study is that it excludes some key participants in the audit system, such as managers and shareholders or partners of the audit company.

Also, the study does not include the points of view of BMP members for widely explained reasons in the paper, regardless of its importance.

A second limitation of the study is that coverage of the involved groups was limited by the limited number of the responses, and future researches may try to expand the group of participants. Despite the many attempts to expand the group of respondents, this process has not been fully achieved, resulting in insufficient results to summarize and reflect in the paper, with the aim of measuring the perception of other parties as well. For this reason, this point is listed in the current limitations of the work and can play in the future the role of an idea to be dealt with and deepened in further studies. Further researches can use the findings of this study to reinforce them by observing their relevance to larger groups of participants such as corporate executives, supervisory boards, financial supervisory authorities, accountants 'and financiers' associations, members of IEKA etc.

The key data were gathered only through the survey and no direct inspection of auditing process was made. This method can be considered appropriate because it was intended to highlight participants' perceptions. Another possible line of research to be explored may be to use the findings of this study to develop a deeper framework on the factors that affect the quality of the audit, and the specific combinations between them.

In conclusion, another research aspect that may be considered restrictive is the possible existence of different forms of prejudice, subjectivity and interpretation, such as personal prejudices and personal responses from respondents. Search method restrictions affect all forms of research.

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