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# HOW DO AUDIT PROFESSIONALS INFLUENCE CONSTANT REPUTATION THROUGH AUDIT QUALITY OF THAI CERTIFIED PUBLIC ACCOUNTANTS?

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## ABSTRACT

This study examines the audit professionals affect to constant reputation through audit quality. Audit professionals consist of audit knowledges and audit ethics which necessary attribute for auditor's responsibilities. They mainly determine and issue opinions on firm's financial statement report in which indicated the accurate firm's situation. However, audit professionals directly impact to constant reputation but also they influence more on audit quality through constant reputation. All relationships are posited the positive effects. Moreover, the investigation of individual improvement as a moderator on the audit quality-constant reputation relationship is tested. Thus, samples are certified public accountants (CPA) that are accountable on audit reports. Questionnaire was used to collect data and examine by regression analysis. The results show the positive effects of audit professionals and audit quality, as well as constant reputation. They imply that both audit knowledges and audit ethics have an overall positive effect on audit quality and impact to constant reputation. Furthermore, audit quality-mediator of audit professionals-constant reputation relationships has just been occurred. Inclusively, an effect of moderator—individual improvement influence on the relationship between audit quality and constant reputation. Giving discussion is competently executed and remarkable future research is emerged. Theoretically, contributions and conclusions will also be purposed.

**Keywords:** Audit professionals; audit quality; constant reputation; individual improvement; Thai certified public accountants

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## 1. INTRODUCTION

Regulators and other stakeholders have been actively promoting discussions of potential indicators of audit quality. Audit quality involves a comprehensive understanding of the key risks that could impact the financial statements, and astutely translating that understanding into an effective audit plan to address the risks. The quality of the audit is a result of the performance of the audit team in planning and executing the audit and the system of quality control of the audit firm as a whole. Consistency is an important element of quality and standards set out expectations covering not just audit process and reporting but also other factors that are widely seen as drivers of audit quality such as audit firm culture and the skills and personal qualities of auditors. When people refer to audit quality, they focus on the credibility of audited financial statements and ask whether the audit report accurately reflects whether financial statements are free from material misstatements. However, one way of making the concept of audit quality real is to focus on inputs and what auditors need to do to support an appropriate professional opinion on a set of financial statements.

As part of the Sarbanes-Oxley Act, Congress made audit committees directly responsible for the appointment, compensation, and oversight of the external auditor who called certified public accountant. The importance of audit committees is to ensure auditor independence and enhancing audit quality, particularly with their increased responsibility under the Act (GAO, 2003). As a result of the Act and subsequent rule-making by the Public Company Accounting Oversight Board (PCAOB, 2013), the US has robust corporate governance and audit regulatory frameworks. This is evidenced by the audit committees' important role overseeing the auditors, and the appropriate rigor with which the Board regulates audit firms. The search for ways to measure and enhance audit quality has continued. Thai-public accountants are the one type of independent occupation which emphasis on reviewing and establishing reliable on the accounting work that so called auditors. The responsibilities are significant to evaluate, examine and confirm the validity and reliability of companies' financial statements which prepared according with Thai's accounting standards and laws. Thai auditors are the target respondents in this study.

Audit professionals are important for auditors who are directly responsible for audit report. Audit professionals consist of audit knowledges and audit ethics are similar as auditor expertise which necessary for auditors. Audit knowledges are 'that body of knowledge and skills which auditor needed in order to function successfully in a particular profession'. This knowledge is determined by two commonly accepted procedures: 1) job or task analysis; and, 2) consensus of the community of people who are recognized as professionals in a particular field (Tamir, 1991). Generally, audit knowledges may be defined as a combination of both technical and practical knowledges. Another aspect, audit ethics is an individual moral, virtue, good mind and thinking, especially the independent occupation such as doctor, engineer, architect, auditor, etc. Based on the meanings of ethics relies on morality and describes what ought or should happen in pursuit of what is right. Matters of ethics and statistics come to the fore in clinical trials. (Lellouch & Schwartz, 1971). Then, audit ethics in this study are defined as the auditors' ethics of which individual to concern in their duties and responsibilities.

Audit professional tends to become key determinants of auditors' task quality. Then, audit quality is defined as the amount of standardized units of audit evidence gathered by the independent auditor (Elitzur and Falk, 1996). The credibility which an independent audit adds to management's financial statements depends on: 1) the probability of an independent auditor detecting material errors, misrepresentations or omissions and; 2) the probability that the independent auditor will report the evidence truthfully (De Angelo, 1981). Consequently, audit quality may influence on individual reputation. Moreover, the mediating effect suggests that concept of audit professionals is more complex relations than what has been reported in previous research, thus audit quality is also provided for testing as mediator in this study. Furthermore, we propose

a moderator as individual improvement which can support to have a higher effect of audit quality on constant reputation. It means that auditors who have a high individual improvement, they more produce a good audit quality and build the constant reputation than the less one. Then, individual improvement in this study is defined as a nonstop auditor's work development of which individual to encourage the quality of auditors' work to get a long-term reliable from their customers.

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

With regard to the previous mentions, this study examines the effects of audit professionals on audit quality in terms of Thai certified public accountants. The relationship also affects next to constant reputation. At this point, audit professionals are definitely hypothesized to have positive relationships with audit quality and reflect to constant reputation. Furthermore, individual improvement is postulated to moderate the relationships between audit quality and constant reputation. Thus, the research model in this study presents in Figure 1.

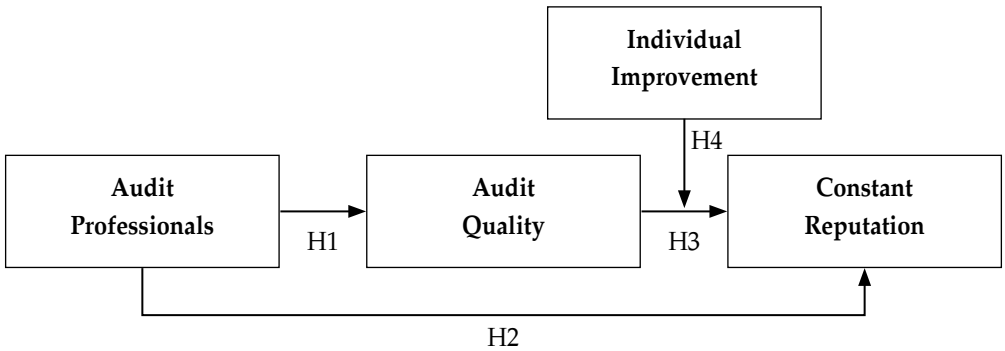


Figure 1 How Do Audit Professionals Influence Constant Reputation Through Audit Quality of Thai Certified Public Accountants?

**Theoretical Framework**

The resource-based view (RBV) is predicated on the assumptions gaining and preserving sustainable competitive advantage is a function of the core resources and capabilities (e.g., know-how, culture, strategy, etc.) which each organization brings to the competition in a given environment (Barney, 1995), and that such resources and capabilities are the primary source of an organization's success (Grant, 1991). From the late 1980s, research efforts have been directed to examine the relationship between core resources and capabilities, sustainable competitive advantage, and above-normal performance. These efforts have stemmed from the theoretical claim that heterogeneity of organizational resources leads to differences in competitive advantage and to variance in performance (Prahalad & Hamel, 1990).

The literature leans toward the argument of reputation acting as a core resource. Prior study indicated that the illustrations from a wide range of corporate situations, where behavioral forms of reputation affect strategic choice by generating future rents (Weigelt & Camerer, 1988). Fombrun (1996) gives a further demonstration of why reputation is a core resource. When we enter into a contract with any products or service suppliers (travel agent, contractor, lawyer, accountant, etc.), our decision to choose one over the others will most likely be based on recommendations or information, namely on their reputation. Reputational status becomes a critical resource for organizational managers. Previous studies claim that reputation can be a major factor in gaining competitive advantage and fortifying the firm's position insofar as competitors have difficulty matching the kind of fame and esteem created by reputation (Hall, 1993). Reputation is the major source for success among firms in

Britain, thus we compose audit knowledges and audit ethics as the core resources of auditors. The RBV theory is suitable to explain all relationships in the research model.

**2.1 Audit Professionals**

Audit professionals for this study are consisting of audit knowledges and audit ethic. Audit knowledges seem to be the professional knowledge of teacher who has the practical wisdom or insight and understanding which enable teachers to achieve educational and moral objectives in practice (Elliott, 1991). Audit knowledges are both technical and practical knowledge. Technical knowledge is knowledge originating from abstractions and conceptualizations derived from working practice (Walker and Sibson, 1998). Technical knowledge that has been designed and managed must be supported with intangible professional, leadership, and personal qualities for a human resources manager to be successful. Practical knowledge is knowledge in the past through present and future via own experience: the ideological, empirical and technological domains of knowledge (Riedel, 1977). Conclusively, audit knowledges define as knowledge in the past through present and future via own experience. Audit knowledges can produce the quality of audit tasks, such as reliability and credibility on financial statement. Possibly, auditors who have more audit knowledges also will be good image.

Audit professionals include audit ethics which each profession has specific ethic codes which promote members of that profession reach the highest standards. Two ethical individuals may act consistently with their values and arrive at different conclusions about a given decision, as the meaning of "ethical" is individual specific. Family influences, religious values, personal standards, and needs influence the individual's ethical conduct (Schermerhorn, 1999). Audit ethics must be evaluated with respect to personal values, which are the underlying beliefs and attitudes that are partial determinants of individual behavior for auditor tasks. Values are the basic convictions that a "specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state" (Rokeach, 1973). They contain a judgmental element as they convey an individual's ideas as to what is right and wrong in both a content and intensity state (Robbins, 1998). These values vary among people, and, consequently; there are "different interpretations of what behavior is ethical and unethical in a given situation". Ethics and morality cannot be separated and are commonly used synonymously (Shaw, 1999). Therefore, audit professionals are included the auditors' morals of which individual to concern in their duties and responsibilities. In conclusion, audit professionals consist of both audit knowledges and audit ethics which affect to the quality of auditor's work.

**2.2 Audit Quality**

Over the years, many organizations have sought to define audit quality, with little consensus. Remember, audit quality is conceptualized as a continuum from very low to very high quality, and outright failures occur on the extreme low end of quality. The remainder of prior surveys about audit quality over the remainder of the quality continuum and focuses primarily on the two empirical observables in auditing: 1) auditor–client alignments, or who audits whom; and 2) audit outcomes which include audit reports and the audited financial statements which are a joint outcome of auditor– client negotiations (Antle & Nalebuff, 1991). On a discussion, the definition of audit quality as meeting investors' needs is independent and reliable audits and robust audit committee communications on: 1) financial statements, including related disclosures; 2) assurance about internal control; and 3) going concern warnings (PCAOB, 2013).

Audit quality comprises of different elements and related inputs, the relative importance of these may vary depending on the users of the information. While there is no single definition of audit quality, we believe a quality audit means consistently: 1) complying with accounting and auditing standards; 2) applying a deep and broad understanding of our clients' businesses and financial environments in which they operate; 3) using auditor's expertise to raise and resolve issues early; and 4) exercising professional skepticism in all aspects of auditor's

work. As such, audit quality indicators represent a suite of data points, along with contextual information, may enhance the understanding of audits and provide information about a firm's investment in and focus on quality. As certain elements of audit quality, such as due care and professional skepticism, cannot be quantified (PwC, 2010). We also support the voluntary, public disclosure of firm-wide data points in audit firms' quality and/or transparency reports in an effort to enhance the transparency of the audit process. Therefore, the interesting relationship between audit professionals and audit quality is hypothesized to test as follows:

Hypothesis 1: Audit professionals will have a significantly positive relationship with audit quality.

**2.3 Constant Reputation**

Reputation has been proposed as a way to escape the "curse" of imperfect monitoring. Good reputations are built on trust created over time. This trust comes from the performance, behavior and values of the business (Walker, 2010). Having a good reputation can see a business through the bad times, when others with more fragile reputations may flounder. A good reputation can be leverage for competitive advantage, or influence policy. Enlightened companies can deploy the value of their reputations to create the climates in which they can do better. Good reputation could increase sales or revenue and reduce operating costs; thus, reputation is viewed from the aspect of financial benefits and is directed through reputation-financial performance relationship. Besides this relationship, it was found that financial performance affects reputation (Rose & Thomsen, 2004).

In aspect of personal reputation in organizations is the extent to which individuals are perceived by others, over time, as performing their jobs competently, and being helpful towards others in the workplace. This builds upon previous work characterizing reputations in the workplace by work-related behavior and personal characteristics that others perceive over time, with emphasis on the performance and character dimensions (Ferris et al., 2003; Zinko et al., 2007). More recently, Anderson and Shirako (2008) argued that reputation relates to a person's history of behavior. Also, a temporal aspect suggests that personal reputation does not develop instantaneously, but through the consistent demonstration of distinctive and salient behaviors on repeated occasions, or over time. Conclusively, the social connectedness of people to an individuals' history of behavior makes the behavior more salient in becoming part of that individual's personal reputation.

In this article, we ague the emerging challenge of constant reputation is a catalyst for a new round of performance that indicated to the competence of public accountants. Today's auditors can seize the opportunity for sustainable development, but they must look beyond continuous, incremental improvements. We propose a framework to help auditors see the business world of auditing through different lenses, so that sustainable opportunities are more apparent. Most auditors would like to completely build a solid personal reputation in order to gain a sustainable competitive advantage for achieving above-normal performance in diversified fields of activity. Thus, constant reputation in this study is defined as a long term well-known through the observer's perceptions and interpretations, specifically in views of Thai-public accountants. Therefore, if auditors have professionalism, they will have a constant reputation in the long run certainly we postulated this relationship as follows:

Hypothesis 2: Audit professionals will have a significantly positive relationship with constant reputation.

Although audit professionals have a direct effect on audit quality as literature reviews above mentioned. A synthetic understanding of the variety of theoretical and empirical work in this area offers fascinating insights into the way in which audit professionals are related, and the questions raised by thinking about this interconnectedness. Thus, this study attempts to investigate audit professionals which included by audit knowledges and audit ethics have more powerful influenced on audit quality. Prior researches explained the knowledge of profession inclusive with personal ethics give more or better performances.

For example, Tang (2000) has pointed out that in responding to the Health Insurance Portability and Accountability Act that health care providers need to balance protection of patient data with the need to use these data to make decisions about treatment and quality of care. The practical goal of ethics is to teach the auditing professionals to resolve ethical problems. Finally, the principle of audit ethics requires a number of individual goodness such as truth, sincerity, transparency, accountability, etc. to give more potential benefits and calmness from an action in everywhere.

As mentioned earlier, audit quality is certainly as a result of auditors' task that can refer to competency, trustworthy, and accountability of auditors. It provides evidence to suggest that high quality auditors are more likely to protect their reputation capital in situations where the threat to auditors' independence is higher. Consequently, auditors utilized these results to improve their reputation, especially in the long run. The lower level of discretionary accruals of firms with high investment opportunities when they have high quality auditors. This implies that firms with high investment opportunities will lower the reliability of financial statements when they hire low quality auditors. In addition, if the higher audit risk of high investment opportunity firms present higher threat to independence to auditors, then Big 4 auditors are likely to provide higher quality audit to firms with high investment opportunities in order to protect their reputation capital (Lai, 2009). Therefore, there are several evidences that when higher audit quality, it certainly impacts on the constant reputation of public accountants. Thus, Hypothesis 3 which does not fail to examine is shown in the following.

Hypothesis 3: Audit quality will have a significant positive relationship with constant reputation.

Even though several prior studies have discussed audit quality as dependent variable. Only limited academic research exists with a systematic explanation for the effects of intervention variable on the relationship between audit professionals and constant reputation. Then, the gap of existing literature is emerged in this study, which purposes to test the role of mediator as audit quality influences on the relationship between audit professionals and constant reputation. From the above postulate is confirmed that when auditors have more audit professionals which comprised of audit knowledge and audit ethics, they will have better audit quality as their performance improvement. As this result, the audit quality certainly causes the reputation of auditors as well. In addition, if auditors can always maintain their audit quality, it seems to be the loyalty of their customers for next selected services. That means the scene in the long-run auditors will have the constant reputation. Thus, an emerged hypothesis is posited as follows:

Hypothesis 4: Audit quality mediates the relationship between audit professionals and constant reputation.

**2.4 Individual Improvement**

Central to this work is the notion of induced individual improvement and its operationalization. The term "improvement" means continuous incremental improvement of products, processes, or services over time, with the goal of reducing waste to improve workplace functionality, customer service, or product performance (Suzuki, Kim, and Bae, 2002). Processes subjected to analyze by this concept characteristically reveal significant opportunities for reductions in process time or expense, and improvements in quality or customer satisfaction. Continuous improvement principles, as practiced by the most devoted manufacturers, result in astonishing improvements in performance that competitors find nearly impossible to achieve. Individual improvement asks us to accept the challenge to modify our own behavior, and recognize that self development is a never-ending process. It is striving for perfection, but knowing that it can never be fully achieved. Mistakes will be made, but these will be viewed as positive sources for reflection, enhancing ourselves awareness, and serve as indispensable elements for future development.

Individual improvement is constantly adapted by getting and using information, and by evaluating changes to make sure that they were effective. Many individual improvement efforts focus on how

things get done. Success at individual improvement also requires developing an understanding of and attentiveness to our own biases and assumptions, and that of others. It means having the discipline to catch ourselves just before we say or do the "wrong" thing. It means bringing subconscious thoughts, one by one, to the forefront of our mind and challenging their validity. It will help make the choice between living life as generally happy and content or cynical and unfulfilled. This skill gradually develops, over time, if worked on consistently, and is helpful in eliminating the human disposition towards negative thoughts and actions. It is a skill that requires great diligence, but is well worth the years of daily effort. Every situation and environment offers opportunities to practice individual improvement, no matter how negative it may be. Consequently, individual improvement in this study is defines as a nonstop auditor's work development of which personal to encourage the quality of auditors' work to get a long term reliable from their customers. Hence, the last hypothesis which is stated to test the potential interaction term of interested constructs is shown in the following:

Hypothesis 5: The strong of individual improvement, the higher positive relationships between audit quality and constant reputation.

## 3. RESEARCH DESIGN

### 3.1 Sample and Procedure

The participants in this study are all Thai auditors. Data collection is drawn from Federation of Accounting Professions (approximately 10,975 auditors who have been certified). Randomly selecting, samples are 500 auditors and sent a questionnaire to individual. A survey instrument package was distributed to each potential respondent via mail and returned by the respondents directly to the researchers to ensure confidentiality. Also, questionnaire was reviewed and recommended to revise by experts as well as pretest was conducted to improve the construct validity before sending. With regard to the questionnaire mailing, 37 surveys were undeliverable because some auditors have changed their address. Deducting the undeliverable from the original 500 mails, the complete and valid mailing was 124 surveys, from which 463 responses were received. The effective response rate was approximately 26.78 percent. According to Aaker, Kumar, and Day (2001) concluded that the response rate for a mail survey, without an appropriate follow-up procedure, is less than 20 percent is accepted. Thus, the response rate is considered acceptable.

General information of respondents, most of all are female as 60 percent. The average age of respondents is thirty to thirty-five years old as 32.3 percent. Most of respondents are a single as 56.7 percent. The education of respondents is mostly higher than bachelor degree as 76.6 percent. Most auditors had over fifteen years of audit experience approximately as 24 percent. Auditors' work areas are almost in Bangkok as 76.5 percent. Moreover, most of all are independent auditors who are not employed by auditing firms as 59.8 percent and get the jobs per year around lower than twenty customers as 50.1 percent. Moreover, the test of non-response bias is detected by a comparison of first wave and second wave data which are shown no significant differences (Armstrong & Overton, 1977).

### 3.2 Variables

In an attempt to examine the audit professionals and all variables are obtained from the survey. Measurements of dependent variables, independent variables, and control variables are described as follows. Audit professionals which comprised of audit knowledges and audit ethics. Then, audit knowledges forces auditors to regularly improve their comprehension about audit task and adds the skills and know-how to auditors that pass more and more times with learning to resolve the audit problems. Six items were used to investigate the competency of audit knowledges. For audit, ethics refers to the auditors' ethics of which individual concern in their duties and responsibilities. Specific four items were used to measure the audit ethics.

Audit quality refers to the amount of standardized units of audit evidence gathered by the independent auditor. This construct is developed by focusing on the decision usefulness of audit quality. Five items

were used to gauge the audit quality. Constant reputation refers to a long term well-known through the observer's perceptions and interpretations, specifically in views of Thai-public accountants. Four items were used to measure the constant reputation. More interestingly, this study includes a moderator as individual improvement refers to a nonstop auditor's work development of which individual to encourage the quality of auditors' work to get a long term reliable from their customers. Five items used to examine the individual improvement.

Specifically, some variables may affect to the dependent variable in this study, and then we postulate two variables—gender and auditors' experience as the control variables. Recent study indicated that gender has an effect on customer evaluations of service quality (Snipes & Thomson, 2006). Past studies have shown significant gender biases in the recruitment of entry-level technical employees and in the evaluation of workers by a rater assigned the role of evaluator, as well as by actual managers, based on both the sex of the rater, and sex of the rate (Huber, 1989). Moreover, a study found that female physicians were rated significantly lower than their male counter-parts, regardless of the sex of the rater. Additionally, women supervisors were only rated as highly as males if they exhibited one of a few limited management styles (Rosen & Jerdee, 1973). In the management literature, studies have shown that female raters generally give higher performance ratings than their male counterparts (Henderson, 1984). Gender is measured by the sexual characteristics which are femininity or masculinity.

Another control variable is auditors' experience. Past studies have found employees' work experience to affect service quality (Reynierse & Harker, 1991). Employees' work experience was measured by asking, "Approximately how many years of work experience do you have in your current occupation?" This also enabled students to have sufficient time and experiences with their respective instructors to accurately assess instructional service quality (Snipes & Thomson, 2006). Also, preliminary analysis also showed that females on average had less work experience and education than males. Given these differences, the researchers were concerned that mentoring was confounded with other variables (Breaugh, 2006). Then, due to extra available resources, we controlled for any extraneous effects of individual experience. Concerning with experience can affect the ability of auditors to review and assess the audit task (Ashton, 1991). Thus, auditors' experience in this study is measured by the number of years that individual has been in existence.

**3.3 Method**

At this point, we concern about the validity and reliability in the study. For testing the validity, factor analysis was first utilized to examine the underlying relationships of a number of items and to determine whether they can be reduced to a smaller set of factors. The factor analysis was conducted separately on each set of the items representing a particular scale due to limited observations. With respect to the confirmatory factor analysis, this analysis has a high potential to inflate the component loadings. Thus, a higher rule-of-thumb, a cut-off value of 0.40 was adopted (Nunnally & Bernstein, 1994). All factor loadings are greater than the 0.40 cut-off and are statistically significant. The reliability of the measurements was evaluated by Cronbach alpha coefficients that should be greater than 0.70. In the scale of all measures appear to produce internal consistency, thus, the validity and reliability is accepted in this study. Factor loadings and Cronbach alpha for multiple-item scales are shown in Table 1.

Table 1 Results of measure validation

| Items | Factor Loadings | Cronbach Alpha |
|---|---|---|
| Audit Professionals (AP) | 0.63 – 0.84 | 0.81 |
| Audit Quality (AQ) | 0.70 – 0.78 | 0.80 |
| Constant Reputation (CR) | 0.81 – 0.86 | 0.85 |
| Individual Improvement (II) | 0.79 – 0.91 | 0.91 |

Table 1 shows all variables have factor loading scores between 0.63–0.91 indicating that there is a convergent validity. Also, showing Cronbach alpha is represented a reliability of all variables that higher than 0.4. Independent and dependent variables are measured with the metric scales, thus the appropriate method for investigating the hypothesized association is the ordinary least squares (OLS) regression analysis to estimate coefficients affecting these relationships (Aulakh, Kotabe, and Teegen, 2000). To meet this objective, the following equations are tested.

Equation 1: Audit quality = $\beta_1 + \beta_2$ audit professionals + $\beta_3$ gender+ $\beta_4$ experience + $\varepsilon_1$

Equation 2: Constant reputation = $\beta_5 + \beta_6$ audit professionals + $\beta_7$ gender+ $\beta_8$ experience + $\varepsilon_2$

Equation 3: Constant reputation = $\beta_9 + \beta_{10}$ audit quality + $\beta_{11}$ gender+ $\beta_{12}$ experience + $\varepsilon_3$

Equation 4: Constant reputation = $\beta_{13} + \beta_{14}$ audit professionals + $\beta_{15}$ audit quality + $\beta_{16}$ gender+ $\beta_{17}$ experience + $\varepsilon_4$

Equation 5: Constant reputation = $\beta_{18} + \beta_{19}$ audit quality + $\beta_{20}$ individual improvement + $\beta_{21}$ audit quality * individual improvement + $\beta_{22}$ gender+ $\beta_{23}$ experience + $\varepsilon_5$

## 4. Results and discussion

Descriptive statistics and correlation matrix for all variables are shown in table 2. Checking for significant of the relationship between each independent variable is tested by variance inflation factors (VIFs) technique. The results showed that VIFs range from 1.00-1.99, well below the cut-off value of 10 (Neter, Wasserman, and Kutner, 1985), indicating that the independent variables are not correlated with each other. Thus, there are no multicollinearity problems in this study.

Table 2 Descriptive statistics and correlation metrix

| Variable | AP | AQ | CR | II | GEN | EXP |
|---|---|---|---|---|---|---|
| Mean | 4.08 | 4.12 | 3.83 | 4.06 | | |
| Standard deviation | 0.40 | 0.51 | 0.66 | 0.64 | | |
| Audit Professionals (AP) | 1 | | | | | |
| Audit Quality (AQ) | .555** | 1 | | | | |
| Constant Reputation (CR) | .574** | .538** | 1 | | | |
| Individual Improvement (II) | .531** | .466** | .540** | 1 | | |
| Gender (GEN) | -.038 | .033 | .007 | -.057 | 1 | |
| Auditors' Experience (EXP) | .232** | .141* | .200** | .274** | -.162** | |

* $p < 0.05$, ** $p < 0.01$

Table 3 Results of OLS regression analysis

| Independent Variables | Dependent Variable | | | | |
|---|---|---|---|---|---|
| | 1<br>AQ | 2<br>CR | 3<br>CR | 4<br>CR | 5<br>CR |
| AP | .712***<br>(.068) | .933***<br>(.086) | | .644***<br>(.097) | |
| AQ | | | .673***<br>(.067) | .406***<br>(.074) | .482***<br>(.070) |
| II | | | | | .349***<br>(.058) |
| AQ x II | | | | | .066*<br>(.034) |
| GEN | .060<br>(.054) | .054<br>(.068) | .0134<br>(.070) | .030<br>(.065) | .048<br>(.066) |
| EXP | .008<br>(.019) | .036<br>(.024) | .059**<br>(.024) | .032**<br>(.023) | .024<br>(.023) |
| Adjusted R Square | .304 | .329 | .297 | .395 | .396 |

* $p < 0.10$, ** $p < 0.05$, ***$p < 0.01$

[a] Beta coefficient with standard errors in parenthesis

In this study, audit quality is a dependent variable of audit professionals. Within the relationship, audit professionals has a positive and direct impacts on audit quality ($b_2$ = .712, $p < .01$). Then, Hypothesis 1 is supported. That means CPA who has more audit professionals tends to exploit their critical ability and accountability in order to create and improve their task's quality. In addition, the relationship between audit quality and constant reputation is certainly tested in equation 3. The result shows a positive effect which beta coefficient of audit quality is presented in $b_{10}$ = .673 at $p < .01$. Thus, Hypothesis 3 is supported. That confirms the quality of auditing work certainly influences on their reputation for the long-run that so called constant reputation.

To test the mediating effect, audit quality should be a mediator of the relationship between audit professionals and constant reputation. As results mentioned above, audit professionals have a direct effect to audit quality as supported Hypothesis 1 with $R^2$ = .304. Inclusively, audit quality certainly has a direct effect on constant reputation as supported Hypothesis 3 with $R^2$ = .297. Then, the influencing of audit professionals on constant reputation must be tested in equation 2. The result showed that there is the positive direct effects of the relationship ($b_6$ = .933, $p < .01$). Then, Hypothesis 2 is supported. This is the first step to test the mediating effect. The second step is already tested in equation 3. Next step, audit quality is run together with audit professionals as the independent variables shown in equation 4. The regression result shows that audit professionals and audit quality have the positive direct effect on constant reputation respectively ($b_{14}$ = .644; $b_{15}$ = .406, $p < .01$ with $R^2$ = .395). It implies that when audit quality is included in the same equation of audit professionals, it made the relationship better than each independent variable standalone on dependent variable-constant reputation ($R^2$ is increased). Thus, Hypothesis 4 is supported. Consequently, audit quality should be as mediator of relationship between audit professionals and constant reputation. Those results are consistent with the previous research that confirms how mediator is occurred (Frazier, Tix, and Barron, 2004).

It implies that audit quality is necessary for the relationship between audit professionals affects to constant reputation.

This study attempts to test a moderating effect of individual improvement on the relationship between audit quality and constant reputation. The result shows that the interaction term of audit quality and individual improvement is significant ($b_{21}$ = .066, $p < .10$). That means auditors who have more nonstop learning to development their career, will get the good quality of auditing works cause their reputation in the long-run than the less one. Thus, Hypothesis 5 is supported.

## 5. Contibutions and future research

### 5.1 Theoretical Contributions and Future Directions for Research

The objective of this study is to provide an understanding of audit professionals that has the significant positive direct effect on audit quality and constant reputation of Thai-public accountants. The RBV theory is adopted to explain those relationships in human characteristics. Audit professionals which consist of audit knowledges and audit ethics of auditors are compared as the resources for auditors to do more competitive advantages than competitors. For theoretical contribution aspects, this research is one of the first known studies to link among audit professionals, audit quality and constant reputation in Thai auditors' viewpoint. Those resources will give the good quality of auditing works and reflect to have the good reputation in the long-term future. Then, the purposes in this study are absorbed in the key components of audit professionals through the research model to append more implications to the research conducts. While most prior studies have considered the audit quality as only dependent variable, this study distinguishes by putting the audit quality as independent and mediator variables that potentially make more contributions to the theoretical field. It implied that when auditors have audit professionals, they will get the audit quality and next reflect to obtain their constant reputation. Recognizably, individual improvement is a moderator of the relationship between independent and dependent variables on the low significant level. Therefore, the further research, a new moderator such as time pressure, audit tenure, task environment, regulation/law control, etc. should be included in the model to examine the effect.

### 5.2 Managerial Contributions

Another implication for senior or/and manager in auditing. This study helps auditors to identify and explain some key components that may be more critical in a precise audit quality and constant reputation. Auditors should be acquired appending audit professionals in order to continuously preserve audit quality and increase the better constant reputation. Furthermore, in a long time to maintain the good quality of auditing works, auditors should preserve and acquire their audit knowledges for nonstop, including give more concern on their audit ethics. Auditors should provide other factors to support and improve the audit quality which directly cause their constant reputation, such as teamwork or contemporary technology. Additionally, audit seniors and managers should explicitly analyze and evaluate an individual knowledge for continuous improvement to obtain the efficiency and effectiveness in auditing works all the time.

## 6. Conclusion

According to these findings, audit professionals included audit knowledge and audit ethics more closely correlate with audit quality and affect next to get the constant reputation. This study investigates whether audit professionals consist of both audit knowledges and audit ethics has the relevant significance. Audit knowledges are specific knowledge in each occupation, as well as audit ethics are good minds and auditor's responsibility of audit report. If individual has high audit professionals, it will lead to audit quality and reflect to their constant reputation as well. Moreover, audit quality as a mediator of the relationship between audit professionals on constant reputation is usable. The meaning is that audit quality can explain why constant reputation is better than audit professionals. Also, results indicate that the moderating effect of individual improvement on the relationship between audit quality and

constant reputation are occurred. That means more level of individual improvement influence on audit quality-constant reputation relationship than the less one. As growth and sustainability necessitate an increased excellent operation, research analyzing this methodology will contribute significantly toward understanding how Thai-public accountants utilize and exploit their ability, competency, possessions to efficiently and effectively deal with the audit professionals in order to create and reserve their audit quality, in addition to constant reputation.

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