

Research Article

Do Ethical Standards Matter? Evidence on Auditor Behavior and Audit Quality

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Abstract: Financial reporting integrity is heavily reliant on audit quality. This research explores the effect of auditor attributes, specifically integrity and professional background, on audit standards in Timor-Leste. Quantitative data was collected from a survey of 60 auditors and analyzed using descriptive statistics, correlation analysis, and multiple linear regression techniques. The findings suggest that auditor ethics has a substantial positive impact on audit quality, indicating that conformity to professional ethical guidelines is vital for enhancing audit results. In contrast, experience in auditing does not demonstrate a statistically significant impact on the quality of audits. Visualization through scatter plots further supports the notion that the relationship between ethics and audit quality is more robust than that of other auditor characteristics. Strengthening ethical standards in the auditing profession is crucial to enhancing audit quality, as these findings demonstrate. This study contributes to the body of research on auditing behavior by presenting empirical findings from a developing institutional setting. The findings also have practical implications for policymakers and auditing bodies in Timor-Leste.

Keywords: audit quality; auditor ethics; professional behavior; auditing; Timor-Leste

1. Introduction

High quality audits are crucial for effective financial governance and accountability, as they minimize information risk and enhance trust in financial statements issued to external parties (Widiatmoko et al., 2020, Indarti et al., 2020, Mvunabandi & Maama, 2023; Isra & Al-Tamimib, 2025; Phan, 2025). Financial reporting credibility and stakeholder assurance regarding the reliability of financial information can be enhanced by high-quality audits (Caruana & Kowalczyk, 2021; Isra & Al-Tamimib, 2025). Over the past few decades, audit quality has come under intense scrutiny due to numerous high-profile financial scandals and governance failures, which have eroded public confidence in financial reporting systems (Agus & Ghozali, 2019; Mescall, 2025; Phan, 2025).

Financial information integrity is heavily reliant on professional auditors' involvement. Carrying out independent and unbiased evaluations of financial statements is crucial for guaranteeing openness and accountability in both the public and private spheres (Usman et al., 2023; Isra & Al-Tamimib, 2025). As a result, identifying the factors that impact audit quality has become a significant area of study in accounting and auditing literature (Agus & Ghozali, 2019; Mvunabandi & Maama, 2023; Lannai et al., 2025).

The professional behavior of auditors is a crucial factor in determining audit quality. Auditors are generally considered to possess essential attributes of ethical standards, integrity, and professional competence (Isra & Al-Tamimib, 2025). Professional ethics direct auditors to uphold independence, objectivity, and professional skepticism throughout the auditing process (Mescall, 2025; Lannai et al., 2025). Professional ethics can be anchored in a clear

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theoretical perspective using the Theory of Planned Behaviour (TPB). In TPB, an individual's behaviour is driven by behavioural intention, which in turn is determined by three core components: attitudes toward the behaviour, subjective norms, and perceived behavioural control (Ajzen, 2002). Auditors without a strong ethical commitment may struggle to resist external pressures or conflicts of interest that could compromise audit quality (Agus & Ghazali, 2019; Mescall, 2025; Phan, 2025).

In addition to ethics, professional experience is frequently seen as a key factor impacting audit performance. Auditors with experience are supposed to have more technical expertise and make better decisions when spotting irregularities in financial statements (Lannai et al., 2025; Isra & Al-Tamimib, 2025). The relationship between experience and audit quality continues to be a topic of discussion in academic research. Research has shown that experience enhances audit performance (Lannai et al., 2025), in contrast to other findings which suggest that ethical conduct and a skeptical approach are more influential (Agus & Ghazali, 2019; Usman et al., 2023).

Research on audit quality has grown, yet evidence from developing countries remains scarce. Research on auditor behavior and audit quality in Timor Leste is limited, despite recent studies in comparable developing economies demonstrating that institutional factors, political ties, and local corruption can significantly impact the efficiency of external oversight (Phan, 2025; Mvunabandi & Maama, 2023). Comprehending these relationships is crucial for enhancing auditing practices and bolstering financial governance in developing institutional settings (Usman et al., 2023; Isra & Al-Tamimib, 2025).

The research gap in the audit quality literature for developing countries lies in the limited empirical evidence that explicitly disentangles the roles of auditor ethics and professional experience in weak institutional contexts, particularly in Timor-Leste. Unlike many prior studies that generally report a positive and significant effect of auditor experience on audit quality, especially when combined with formal training and strong institutional support, this study shows that, in a developing institutional environment, ethical standards remain the dominant behavioural determinant of audit quality, while experience becomes statistically insignificant once ethics is taken into account. Theoretically, this finding strengthens the argument that audit quality is driven more by ethical commitment and professional conduct than by tenure alone, thereby enriching audit quality research in emerging economies and extending explanations grounded in the Theory of Planned Behaviour, where ethical attitudes and perceived normative pressures are more decisive than mere length of service. Practically, the results suggest that initiatives to improve audit quality should prioritise strengthening ethical frameworks, ethics training, and professional skepticism rather than focusing solely on increasing auditors' years of experience. From a policy perspective, the study provides empirical support for regulators and professional bodies in Timor-Leste to design reforms that emphasise enforcement of codes of ethics, behavioural monitoring, and clear sanctioning mechanisms so that audit sector governance improvements become more targeted and evidence-based.

Shortly, this study aims to investigate the impact of auditor ethics and professional experience on audit quality in Timor Leste. This research aims to provide empirical evidence on the factors influencing audit quality by examining survey data from experienced auditors and contribute to the existing body of knowledge on auditing and professional ethics.

2. Preliminaries or Related Work

2.1 Audit Quality and Financial Governance

Financial governance relies heavily on audit quality, which minimizes information disparities and boosts the reliability of financial reports for investors, creditors, and regulatory bodies (Caruana & Kowalczyk, 2021; Mvunabandi & Maama, 2023). High-quality audits boost users' confidence that financial statements are free from significant errors and are prepared in accordance with relevant guidelines (Isra & Al-Tamimib, 2025). In environments with emerging or weak rule-of-law, audit quality becomes increasingly important as it mitigates, to some extent, institutional weaknesses and enforcement shortfalls (Phan, 2025).

2.2 Ethical Behavior as a Determinant of Audit Quality

Research has shown that adherence to higher ethical standards is linked to greater compliance with auditing guidelines, increased professional skepticisms, and more open reporting practices, ultimately leading to enhanced overall audit results (Lannai et al., 2025; Usman et al., 2023). In contrast, instances of unethical behaviour are frequently associated with audit failures and disciplinary proceedings against auditors, thereby highlighting the connection between misconduct and declining audit standards (Mescall, 2025).

Data from numerous legal systems confirm that ethics has a beneficial impact on the quality of audits. According to Agus and Ghozali (2019), auditor ethics substantially enhances audit quality, while also indirectly reducing the risk of litigation. Usman et al. (2023) also demonstrate that professional ethics has a direct positive effect on internal audit quality and acts as a mediator between auditor independence and audit quality in a local government context. Al-Tamimi and Al-Tamimi (2025) further demonstrate that auditor ethics is a key predictor of high-quality audit reports within a behavioral framework founded on the Theory of Planned Behaviour.

2.3 Professional Experience, Ethics, and Skepticism

Audit quality is often associated with professional experience. Experienced auditors are anticipated to possess advanced technical expertise, enhanced pattern recognition capabilities, and improved judgment when evaluating intricate transactions and detecting anomalies (Lannai et al., 2025; Isra & Al-Tamimib, 2025). Research suggests that experience enhances auditors' capacity to identify errors and deception, and leads to more reliable audit conclusions, most notably in intricate or high-risk assignments (Lannai et al., 2025). Research indicates that experience is not enough on its own, unless it is paired with robust ethical values and sufficient professional skepticism, which implies that personal traits can overshadow the impact of experience when predicting audit results (Agus & Ghozali, 2019; Usman et al., 2023).

Professional skepticism, characterized by a questioning mindset and a critical examination of audit evidence, is considered a crucial factor in converting ethics and experience into more effective auditing (Lannai et al., 2025). Auditors who are sceptical are less inclined to take management representations at face value and more likely to devise strict procedures that reveal misstatements. Lannai et al. (2025) have found that professional skepticism enhances the beneficial impact of both ethics and experience on audit quality by suggesting an interaction where experience and a strong sense of ethical commitment together influence the level of skepticism used in practice.

2.4 Audit Quality in Developing and Weak Institutional Contexts

Research has also concentrated on audit quality in developing or transitioning economies, where legal enforcement is relatively weak and the risk of corruption is higher. According to Mvunabandi and Maama (2023), ethical practices are especially important for audit quality in Sub-Saharan Africa, where institutional limitations increase agency conflicts and incentives for earnings management. Phan (2025) discovered that in Vietnam, audit quality interacts with political connections and local corruption to affect the level of earnings management, showing that external audits can reduce some governance risks but are themselves impacted by surrounding factors. The effectiveness of ethics and experience in enhancing audit quality appears to hinge on the broader institutional and political context.

The literature collectively suggests that audit quality is a complex and multifaceted construct influenced by ethical standards, professional experience, a critical mindset, and the organisational environment. Empirical evidence from small, developing countries, especially Timor-Leste, is still scarce. The present study is driven by this gap, which investigates how auditor ethics and professional experience interact to affect audit quality within a developing institutional context.

2.5 Theoretical Framework

Audit quality in this study is conceptualised as the probability that an auditor will detect and appropriately report material misstatements in financial statements, thereby enhancing the reliability of financial reporting and supporting effective financial governance in a developing institutional context such as Timor-Leste. Within this framework, two key auditor characteristics are treated as determinants of audit quality: auditor ethics and auditor experience.

Drawing on the Theory of Planned Behaviour (TPB), auditor ethics reflects internalised moral values and perceived professional norms that shape auditors' intentions to comply with auditing standards and codes of ethics. Auditor experience captures accumulated knowledge, skills, and pattern-recognition abilities that may facilitate more effective error detection and evaluation of complex transactions. Together, ethics and experience are expected to influence auditors' behaviour during the audit process and, consequently, the quality of the audit outcomes.

Conceptually, the research model assumes that both auditor ethics and auditor experience exert direct effects on audit quality, without intermediate moderator or mediator variables. The relationships can be represented as follows:

Auditor Ethics → Audit Quality

Auditor Experience → Audit Quality

2.6 Underlying Theories

This study is primarily grounded in the Theory of Planned Behaviour and supported by insights from agency theory and corporate governance perspectives. First, the Theory of Planned Behaviour posits that behaviour is driven by behavioural intention, which in turn is determined by attitudes toward behaviour, subjective norms, and perceived behavioural control. In the auditing context, auditor ethics, encompassing integrity, objectivity, independence, and adherence to professional codes, represents both a positive attitude toward ethical conduct and an internalisation of professional norms that strengthen auditors' intentions to act in public interest. Auditor experience contributes to perceived behavioural control, as more experienced auditors generally feel more capable of performing the audit effectively due to their superior technical knowledge and familiarity with complex engagements.

Second, agency theory and broader governance literature emphasise the role of external auditors as monitoring mechanisms that reduce information asymmetry and agency conflicts between managers and stakeholders. From this perspective, strong ethical standards increase auditors' willingness to report misstatements even when doing so may be costly or conflictual, whereas extensive experience enhances their technical ability to discover such misstatements. Both attributes, therefore, are theoretically linked to higher audit quality.

2.7 Auditor Ethics and Audit Quality

From the perspective of the Theory of Planned Behaviour, auditors who internalise strong ethical values, such as integrity, objectivity, independence, and compliance with professional codes of conduct, develop favourable attitudes and strong subjective norms toward acting in the public interest. These attitudinal and normative factors increase their intention to adhere to auditing standards, maintain professional skepticism, and resist client or organisational pressures that could undermine audit procedures, thereby raising the probability of detecting and reporting material misstatements.

Empirical studies consistently document that higher ethical standards are associated with better audit outcomes. Agus and Ghazali (2019) find that auditor ethics significantly improves audit quality and indirectly reduces litigation risk. Usman et al. (2023) show that professional ethics has a direct positive effect on internal audit quality and mediates the relationship between auditor independence and audit quality in a local government setting. Al-Tamimi and Al-Tamimi (2025) further demonstrate that auditor ethics is a key predictor of high-quality audit reports within a behavioural framework explicitly grounded in the Theory of Planned Behaviour. These findings support the view that ethical commitment is a central behavioural driver of audit quality across different institutional environments.

Based on this theoretical reasoning and prior empirical evidence, the first hypothesis is proposed as:

H1: Auditor ethics has a positive effect on audit quality.

2.8 Auditor Experience and Audit Quality

Within the TPB framework, auditor experience contributes primarily to perceived behavioural control, as more experienced auditors possess greater technical knowledge, enhanced pattern-recognition ability, and higher confidence in handling complex or high-risk

engagements. These capabilities should, in principle, increase the likelihood of designing appropriate audit procedures, identifying anomalies, and forming accurate audit opinions, which all contribute to higher audit quality. In agency-theory terms, experienced auditors are better equipped to fulfil their monitoring role and reduce information asymmetries between management and stakeholders.

Prior empirical research provides support for a positive association between experience and audit quality. Lannai et al. (2024) report that auditor experience significantly improves audit quality and that this effect is further strengthened by professional skepticism as a moderating variable. Santoso et al. (2023) also find that auditor experience not only has a direct positive effect on audit quality, but also strengthens the influence of audit fees, audit tenure, and task complexity on audit quality in Indonesian public accounting firms. These studies suggest that more experienced auditors are better able to detect errors and fraud, to adapt audit procedures to engagement risk, and to maintain audit quality under varying conditions.

Accordingly, the second hypothesis is formulated as:

H2: Auditor experience has a positive effect on audit quality.

Although the empirical findings of the present study later show that auditor experience does not have a statistically significant effect once ethics is controlled for, H2 remains a theoretically well-grounded hypothesis that reflects the dominant direction of prior research and provides a meaningful benchmark for interpreting the study's results.

3. Materials and Method

3.1 Research Design

This study utilized a quantitative explanatory research design to investigate the impact of auditor characteristics on audit quality in Timor-Leste. A structured questionnaire was distributed to professional auditors working in Tribunal da Contas, Timor-Leste, and the final sample consisted of 60 valid responses from auditors engaged in financial auditing activities within the country's institutional framework. The study used a survey-based, non-probability sampling approach (practical/availability sampling) targeting auditors who were accessible and willing to participate, rather than drawing a random sample from a complete population frame.

3.2 Data Collection

The questionnaire was made up of several statements, which were measured using a five-point Likert scale, comprised of.

- 1 = strongly disagree
- 2 = disagree
- 3 = neutral
- 4 = agree
- 5 = strongly agree

A sample size of 60 respondents was deemed sufficient for the planned statistical procedures, particularly multiple linear regression with two independent variables, because it provides adequate variability to examine the relationships between auditor ethics, auditor experience, and audit quality.

3.3 Variables and Measurement

This research investigated three primary variables: auditor ethics, auditor experience, and audit quality (Alsughayer, 2021; Ramadhani et al., 2026; Santoso et al., 2023). The level of adherence to professional ethical standards is represented by auditor ethics, which encompasses integrity, objectivity, and compliance with professional codes of conduct (Alsughayer, 2021; Ramadhani et al., 2026). Auditor experience encompasses the level of professional exposure and accumulated expertise acquired through auditing practice (Santoso et al., 2023; Alsughayer, 2021). The perceived effectiveness and reliability of audit outcomes are represented by audit quality (De Angelo, 1981, as cited in Alsughayer, 2021; Ramadhani

et al., 2026). This reflects auditors' capacity to identify and document significant inaccuracies in financial reports, as well as to conduct audits in compliance with industry standards (Alsughayer, 2021; Santoso et al., 2023). Scores for each variable were calculated by aggregating the responses to the questionnaire (Alsughayer, 2021; Santoso et al., 2023).

3.4 Data Analysis

The data analysis was performed using the RStudio statistical software. Statistical procedures were used to investigate the associations between the variables in question. Initial descriptive statistics were computed to provide a summary of the data's distribution. The descriptive analysis involves calculating the mean, standard deviation, minimum, and maximum values for each variable. Pearson correlation analysis was performed to assess the magnitude and direction of associations between the variables. This analysis assists in pinpointing initial connections between auditor attributes and audit performance. A multicollinearity test was conducted with the Variance Inflation Factor (VIF) to verify that the independent variables do not have high correlations that could skew regression estimates. Fourth, a multiple linear regression analysis was conducted to investigate the impact of auditor ethics and auditor experience on audit quality. The regression model employed in this study is represented by this equation.

$$AuditQuality = \beta_0 + \beta_1 Ethics + \beta_2 Experience + \varepsilon$$

where:

- β_0 represents the intercept
- β_1 and β_2 represent regression coefficients
- ε represents the error term

The relationships between auditor characteristics and audit quality were demonstrated using scatter plot visualizations with regression lines. The regression analysis is graphically supported by these visualizations, which confirm the statistical relationships found.

3.5 Statistical Significance

The significance level for all statistical tests was set at 5% ($\alpha = 0.05$). A p-value of less than 0.05 signifies a statistically significant relationship between variables.

3.6 Sample Size Consideration

A sample size of 60 respondents is considered sufficient for the statistical analyses used in this study, especially for multiple regression analysis which involves two independent variables. This dataset offers enough diversity to assess the connections between auditor ethics, professional experience, and audit quality.

4. Results and Discussion

Summary statistics were employed to characterise the properties of the variables investigated in this study, encompassing auditor integrity, ethics, experience, and audit quality. The results are listed in Table 1. The descriptive findings show that auditors typically exhibit a relatively high level of professional integrity (mean = 4.22) and work experience (mean = 4.11). Auditor ethics demonstrates a moderately high level of adherence, with a mean score of 3.63. Indicating a moderate perception of audit performance, the average audit quality score is 3.02. The findings indicate that although auditors typically report high levels of professional attributes, the perceived quality of audit outcomes is still relatively moderate. The complexity of auditing practices or institutional factors may be reflected in this condition, affecting audit effectiveness.

Statistics reveal that auditors have high integrity and experience, plus moderately high ethics, but only moderate audit standards. The observed pattern aligns with existing research indicating that strong individual attributes do not necessarily lead to uniformly high audit results, especially in developing or weak institutional environments where structural and organizational limitations can hinder the effectiveness of auditors' skills (Mvunabandi & Maama, 2023; Phan, 2025). In these settings, norms of ethics, the quality of enforcement, and

surrounding pressures usually influence how personal virtues are practiced, resulting in high ratings on integrity or ethics tests coinciding with only moderate perceived audit results (Caruana & Kowalczyk, 2021; Usman et al., 2023).

Table 1. Descriptive statistics of research variables

Variables	Mean	SD	Min	Max
Ethics	3.63	0.49	2.18	4.64
Experience	4.11	0.46	3.07	4.87
Audit Quality	3.02	0.78	1.45	4.73

source: author's own work

A correlation analysis, using Pearson's method, was performed to investigate the relationships between the variables. The results are presented in Table 2. The findings suggest a moderate positive correlation between auditor ethics and audit quality ($r = 0.35$). Auditors who adhere more closely to professional ethics standards tend to conduct audits of higher quality. In contrast, the relationship between auditor experience and audit quality is relatively weak, with a correlation coefficient of 0.12. Auditor integrity only has a weak correlation with audit quality ($r = 0.09$). The notable observation from the correlation matrix is the extremely strong correlation between the auditor's integrity and experience ($r = 0.91$). A high correlation between these variables indicates the possibility of multicollinearity, which could impact regression estimation.

Table 2. Correlation matrix

Variables	Ethics	Experience	Audit Quality
Ethics	1		
Experience	0.24	1	
Audit Quality	0.35	0.12	1

source: author's own work

The findings from the correlation results, which reveal a moderate positive connection between auditor ethics and audit quality, yet weak connections for experience and integrity, are consistent with existing literature that identifies ethics and related behavioural factors as key drivers of audit outcomes. Research across different settings indicates that ethical dedication, encompassing integrity, objectivity, and impartiality, has a stronger link to audit quality than does the duration of auditors' service, implying that auditors' actions have more significance than their years of experience (Agus & Ghazali, 2019; Isra & Al-Tamimib, 2025; Lannai et al., 2025). A strong link between integrity and experience suggests that experience can strengthen professional values, but it also creates a risk that these concepts may overlap in statistical models, a concern that is often highlighted in studies of audit behavior that use measures of both attitudes and experiences (Lannai et al., 2025).

The Variance Inflation Factor (VIF) test was performed to evaluate the potential multicollinearity among the independent variables. The results are listed in Table 3. The results indicate that the VIF values are significantly below the threshold of 5, suggesting the absence of multicollinearity in the final regression model. The integrity variable was excluded from the regression model due to its very high correlation with experience, as observed in the correlation analysis, in order to prevent instability in the coefficient estimation process.

Table 3. Multicollinearity test

Variables	VIF
Ethics	1.06
Experience	1.06

source: author's own work

Testing for multicollinearity and removing redundant variables from the final model aligns with established methodological standards in empirical auditing research. Research that combines several characteristics of auditors—like integrity, independence, and experience—typically finds strong correlations between these traits and stresses the importance of addressing multicollinearity to get reliable coefficient estimates (Agus & Ghozali, 2019; Lannai et al., 2025). The model retains experience and ethics but excludes integrity, focusing instead on the predictors of audit quality that are theoretically and empirically distinct, as seen in the operationalization of other studies that examine behavioral determinants of audit performance (Isra & Al-Tamimib, 2025; Usman et al., 2023).

Table 4. Model statistics

Statistic	Value
R ²	0.126
Adjusted R ²	0.096
F-statistic	4.119
p-value	0.021

source: author's own work

A modest R² value in Table 4 suggests that ethics and experience account for only a limited part of the variation in audit quality, which aligns with previous research highlighting the multi-dimensional nature of audit quality. Research indicates that factors such as independence, professional care, organisational support, political connections, and local corruption significantly impact audit results, exceeding individual characteristics, as noted by Mvunabandi & Maama (2023); Phan (2025); and Isra & Al-Tamimib (2025). Future models should incorporate broader structural and institutional variables to more fully capture the determinants of audit quality, such as governance mechanisms, enforcement intensity, and client risk, especially in developing countries (Caruana & Kowalczyk, 2021; Usman et al., 2023).

The overall regression model is statistically significant ($p = 0.021$), suggesting that the independent variables collectively account for a part of the variation in audit quality. The coefficient of determination ($R^2 = 0.126$) implies that the model accounts for around 12.6% of the variation in audit quality, which suggests other factors outside the model also impact audit outcomes.

A multiple linear regression analysis was conducted to assess the impact of auditor ethics and experience on audit quality. The regression results are shown in Table 5. The regression analysis revealed a substantial positive correlation between auditor ethics and audit quality ($\beta = 0.545$, $p < 0.01$). Auditors showing greater ethical commitment are more likely to achieve better audit results. In contrast, auditor experience is found to have no statistically significant impact on audit quality ($\beta = 0.073$, $p = 0.732$). It suggests that experience alone may not be enough to ensure improvements in audit performance.

Table 5. Regression results

Variables	Coefficient	Std Error	t-value	p-value
Intercept	0.746	1.007	0.741	0.462
Ethics	0.545	0.203	2.688	0.009
Experience	0.073	0.214	0.344	0.732

source: author's own work

The regression results indicate a substantial positive correlation between ethics and audit quality, but no detectable link between experience and audit quality, thereby supporting the notion that a company's ethical stance is a more dependable indicator of its audit quality than either its tenure or individual exposure. Patterns of similar nature are also reported in Indonesia and other developing regions, where adherence to professional codes, moral character, and ethical reasoning are found to boost audit quality and decrease the likelihood of litigation or misstatement, however experience alone does not guarantee improved

outcomes (Agus & Ghozali, 2019; Al-Tamimi & Al-Tamimi, 2025). These findings also suggest that ethics and professional skepticism act as mediators or moderators between experience and audit quality, indicating that experience is most beneficial when paired with a solid ethical framework (Lannai et al., 2025).

5. Comparison

Given the empirical results and the preceding discussion, the findings of this study are largely in line with, but also diverge from, the current state of the art in audit quality, ethics, and auditor characteristics. Research across various jurisdictions has shown that a person's ethical orientation is a major factor in determining the quality of an audit, frequently having a more significant impact than other personal attributes, such as experience or technical skills (Agus & Ghozali, 2019; Al-Tamimi & Al-Tamimi, 2025; Usman et al., 2023). The current study demonstrates that auditor ethics has a statistically significant and economically significant positive impact on perceived audit quality, whereas auditor experience does not show a significant relationship. The presence of this pattern suggests that ethical commitment is a more dependable predictor of audit results than tenure on its own, and that experience may only lead to better quality when situated within a robust ethical framework (Lannai et al., 2025).

In contrast, this study differs from certain previous research that found a direct, positive correlation between experience and audit quality, particularly in scenarios where experience is paired with formal training and robust institutional backing. The current findings indicate that, when ethics is considered, experience appears to be statistically insignificant, implying that it may be largely overshadowed by ethical and behavioral dimensions or constrained by factors such as enforcement quality and organisational pressures (Mvunabandi & Maama, 2023; Phan, 2025).

The explanatory power of the model is another point of comparison. A low R-square value aligns with current research that views audit quality as a complex construct with multiple factors, including independence, due diligence, firm-level controls, political ties, and the overall governance structure (Caruana & Kowalczyk, 2021; Isra & Al-Tamimib, 2025; Phan, 2025). The current study contributes to this context by separating the behavioural aspect—ethics versus experience—in a setting where an institution is developing, with the understanding that a significant portion of the variation in audit quality is probably due to structural and contextual factors that are beyond the scope of the current model.

These comparisons collectively suggest that the primary contribution of this study lies in showing, with evidence from a small developing country context, that ethical standards continue to be the dominant behavioral factor influencing audit quality, even when factors such as experience are considered. This supports and expands previous research from other emerging economies and offers a more quantifiable example of the impact, demonstrating that policy initiatives aimed at bolstering ethical guidelines, professional codes, and ethics training may lead to more significant enhancements in audit quality than strategies that focus exclusively on boosting experience or length of service.

6. Conclusion

This study provides empirical evidence that auditor ethics is a crucial behavioural factor influencing audit quality in a developing institutional setting. The sample auditors display high integrity and experience, along with moderately high ethics, but audit quality is viewed as merely moderate, indicating that individual virtues are insufficient to ensure high-quality results when hindered by external and organisational constraints.

Results from correlation and regression analyses demonstrate that ethics has a significant positive association with audit quality, whereas the relationship between experience and integrity are weak or insignificant when ethics is considered. These findings are consistent with recent state-of-the-art studies, which stress that strong ethical commitment, professional skepticism, and adherence to codes of conduct are more effective drivers of audit quality than tenure or exposure alone. Experience seems to be valuable in improving audit performance only when it is combined with a strong foundation of ethical standards and a work environment that promotes ethical conduct.

The relatively low explanatory power of the model further highlights that audit quality is shaped by a broader set of factors, including independence, due professional care, organizational support, political connections, and the quality of governance and enforcement.

Within this multi-dimensional landscape, the main contribution of the present study is to demonstrate, using data from a small developing country, that strengthening ethical frameworks and ethical training for auditors is likely to have a more direct and substantial impact on audit quality than policies focused solely on expanding experience. Future research should therefore integrate ethics, skepticism, and institutional variables into more comprehensive models and extend the analysis to comparative settings, including Timor-Leste and other emerging economies, to better understand how behavioral and structural determinants of audit quality interact.

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