

**HUMAN CAPITAL, QUALITY CONTROL AND AUDIT
FIRM PERFORMANCE IN JORDAN**

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**DOCTOR OF PHILOSOPHY
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PERFORMANCE IN JORDAN**

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DEDICATION

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My homeland Palestine, the souls of all the Palestinian martyrs, who sacrificed themselves to, defend the holy land of Palestine. Last but not the least; I would like to thank my deep appreciation to my brothers and sisters, thank you so much for your kind support and prayers.

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The public accounting industry's performance could be enhanced by creating value, enhancing reputation, and increasing audit quality. Given its nature of being a knowledge intensive based and highly regulated type of industry, several factors such as firm's resources, competencies, culture, business structure and quality control are important determinants for firm performance. Besides, audit firms are bound by international quality control standards; namely the International Standards on Quality Control 1 (ISQC1). Therefore, this study aims to investigate the roles of human capital and quality control on audit firm performance. Data were collected from the final sample of 162 audit firms in Jordan and analysed using Smart PLS-SEM 3. The descriptive results show that the level of audit firm performance is relatively moderate. The results indicate that the effects of the independent variables, leadership, ethical requirements, acceptance and continuance of client, and human resources on audit firm performance were both positive and significant. In contrast, engagement performance and monitoring were found to have a negative association with audit firm performance. Interestingly, the relationship between human capital and audit firm performance was also positive and significant. In addition, human capital had a positive and significant association with ethical requirements, acceptance, continuance of client, human resources, and engagement performance, but was found to have a negative association with leadership and monitoring.

This indicates that there is a need to improve the expertise and skills of Jordanian auditors. The current study provides insights into the elements of ISQC 1, human capital and audit firm performance in the Jordanian context. From a practical point of view, the elements of ISQC 1 enhance the business sustainability and competitiveness of audit firms, especially for small sized audit firms. Overall, the findings highlight the important role of human capital and ISQC 1 in audit firm performance in Jordan. In conclusion, audit firms and professional bodies need to focus on the issue of ISQC 1 in order to increase the performance of audit firms, not only because auditors are part of the financial value chain but also the gatekeepers to credible financial reporting to the public.

Abstrak tesis yang dikemukakan kepada Senat Universiti Malaysia Terengganu
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**MODAL INSAN, KAWALAN KUALITI, DAN PRESTASI FIRMA AUDIT DI
JORDAN**

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Prestasi industri perakaunan awam dapat ditingkatkan dengan mencipta nilai, meningkatkan reputasi, dan meningkatkan kualiti audit. Memandangkan jenis industri ini yang berasaskan pengetahuan secara intensif dan sangat terkawal, beberapa faktor seperti sumber, kecekapan, budaya, struktur perniagaan dan kawalan kualiti adalah penting untuk prestasi firma. Di samping itu, firma audit tertakluk di bawah piawaian kawalan mutu antarabangsa iaitu Piawaian Antarabangsa mengenai Kawalan Kualiti 1 (ISQC1). Oleh itu, kajian ini bertujuan untuk mengkaji peranan modal insan dan kawalan kualiti ke atas prestasi firma audit. Data dikumpulkan dari sampel terakhir 162 firma audit di Jordan dan dianalisis menggunakan Smart PLS-SEM 3. Hasil deskriptif menunjukkan bahawa tahap prestasi firma audit adalah agak sederhana. Keputusan menunjukkan bahawa kesan pembolehubah bebas, kepimpinan, keperluan etika, penerimaan dan penerusan pelanggan, dan sumber manusia dalam prestasi firma audit adalah positif dan signifikan. Sebaliknya, prestasi penglibatan dan pemantauan didapati mempunyai perkaitan negatif dengan prestasi firma audit. Menariknya, hubungan antara modal insan dan prestasi firma audit juga positif dan signifikan. Di samping itu, modal insan mempunyai perkaitan yang positif dan signifikan dengan keperluan etika, penerimaan, penerusan pelanggan, sumber manusia, dan prestasi

penglibatan, tetapi didapati mempunyai hubungan negatif dengan kepimpinan dan pemantauan. Ini menunjukkan bahawa terdapat keperluan untuk meningkatkan kepakaran dan kemahiran juruaudit di Jordan. Kajian semasa ini memberikan pemahaman mengenai unsur ISQC 1, modal insan dan prestasi firma audit dalam konteks Jordan. Dari sudut pandangan praktikal, elemen ISQC 1 meningkatkan kelestarian perniagaan dan daya saing firma audit, terutamanya untuk syarikat audit bersaiz kecil. Keseluruhannya, penemuan ini menyerlahkan peranan penting modal insan dan ISQC 1 di dalam prestasi firma audit di Jordan. Sebagai kesimpulan, firma audit dan badan profesional perlu memberi tumpuan kepada isu ISQC 1 untuk meningkatkan prestasi firma audit, bukan sahaja kerana juruaudit merupakan sebahagian daripada rangkaian nilai kewangan tetapi juga pengawal kepada laporan kewangan yang berwibawa kepada orang ramai.