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Factors and Dimensions of Professional Skepticism among Private Auditors in Tacloban City, Philippines

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Abstract: Professional skepticism remains a cornerstone of high-quality audits, directly influencing the credibility of financial statements. This study explores the multifaceted factors affecting auditors' professional skepticism in Tacloban City, Philippines, focusing on organizational factors, professional standards, regulatory frameworks, individual characteristics, and technology. Utilizing a correlational-predictive design, data were collected from a localized small sample of private auditors (n = 27) through a validated survey instrument. Both Pearson correlation and regression analyses were employed to examine the relationships and predictive strength of each factor. The findings suggest that individual characteristics play the most significant role in shaping professional skepticism, while technology demonstrates a negative association. Although organizational factors, professional standards, and regulatory frameworks are perceived as important, they exhibit weaker relationships. These results underscore the need for targeted auditor training, reflective organizational cultures, and mindful integration of technology. The study offers practical insights for audit practitioners, educators, and regulatory bodies aiming to strengthen audit quality and professional judgment in similar regional settings.

Keywords: Professional Skepticism, Audit Quality, Individual Characteristics, Technology, Organizational Factors, Professional Standards, Filipino Private Auditor

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1. INTRODUCTION

Professional scepticism is widely regarded as a cornerstone of high-quality auditing, essential to ensuring that auditors remain alert to potential misstatements and critically evaluate audit evidence. The International Auditing and Assurance Standards Board (IAASB) defines professional scepticism as an attitude that includes a questioning mind and a critical assessment of evidence, reinforcing its role in maintaining the reliability of financial reporting. Notable audit failures such as those involving Enron and WorldCom have underscored the devastating consequences of inadequate scepticism, prompting global calls to strengthen audit standards and practices (Johari *et al.*, 2021).

Recent advancements in audit technologies, including automation and data analytics, have transformed auditing practices. While these tools enhance efficiency, they may inadvertently diminish auditors' professional scepticism. Peters (2024) observed that auditors relying heavily on automated tools exhibited lower scepticism levels compared to those engaging in manual evaluations. This tendency aligns with the concept of "automation bias", where individuals over-rely on automated systems, potentially overlooking anomalies or errors.

Further, Samiolo, Spence, and Toh (2023) discusses how the integration of advanced technologies in auditing can disrupt the traditional balance between structured procedures and auditor judgement. The study suggests that over-reliance on technology may lead to a reduction in critical thinking and analytical skills among auditors, particularly affecting early-career professionals who are still developing their judgement capabilities.

In Southeast Asian contexts, cultural and organisational factors further influence the application of professional scepticism. For instance, a study by Bongcales *et al.* (2022) in the Philippines found that auditors with creative thinking styles demonstrated higher levels of scepticism, indicating that individual cognitive traits play a significant role in sceptical behaviour. Similarly, research in Malaysia and Indonesia revealed that traits like interpersonal understanding and a questioning mind are crucial for effective fraud detection (Mustapha Nazri *et al.*, 2024).

Moreover, organisational culture and leadership significantly impact auditors' scepticism. Julian *et al.* (2021) highlighted that a strong "tone at the top" fosters an environment where auditors feel empowered to exercise

scepticism, particularly in fraud risk assessments. Conversely, environments lacking such support may discourage auditors from questioning or challenging information, especially when technology is perceived as infallible.

These findings suggest that while technology can enhance audit processes, it may also inadvertently suppress the critical evaluative mindset essential for effective auditing. Therefore, it's crucial for audit professionals and organisations to be aware of these potential drawbacks and implement strategies to maintain high levels of professional scepticism, even as technological tools become more prevalent in the auditing process.

A growing body of literature has explored various determinants of professional scepticism. Prior studies have examined individual-level traits such as ethical orientation, experience, and cognitive style (Raynaldi & Afriyenti, 2020; Sulistyawati & Santoso, 2021), as well as organisational conditions including leadership tone, firm culture, and incentive structures (Brown, Earley, & Sanderson, 2020). Technological advancements have also emerged as a double-edged sword, enhancing audit capabilities while, in some cases, reducing auditors' critical engagement through overreliance on automated systems (Grenier, 2017) as well as artificial intelligence (Adeoye, 2023). Despite these global insights, the application and manifestation of professional scepticism within the Philippine private audit sector remain underexplored. Existing frameworks, which are largely drawn from Western audit environments, may not fully capture the regulatory, cultural, and professional realities faced by Filipino auditors (International Federation of Accountants, n.d.).

Local research has tended to emphasise compliance, ethics, and regulatory standards (Ballada & Ballada, 2020), with limited focus on professional scepticism as a multidimensional and context-sensitive construct (Hurtt *et al.*, 2013). Empirical studies have primarily concentrated on urban and corporate centres such as Metro Manila, but some have also addressed professional scepticism across the broader Philippine context (Bongcales *et al.*, 2022), often still overlooking regional cities like Tacloban, where auditors often work under distinct conditions such as limited client diversity, close client familiarity, and reduced access to continuing professional development (Mendoza, 2008; Orencia, 2023). Moreover, private sector auditors operate in a commercially competitive environment where pressures related to client retention, firm performance, and workload may significantly shape sceptical judgement

(DeFond & Zhang, 2014). In contrast to public auditors under the Commission on Audit (COA), which follows a different mandate and regulatory structure, private auditors face unique behavioural and organisational influences that merit focused study (COA, 2023).

Given these gaps, this study aims to provide empirical evidence on the factors influencing professional scepticism among private auditors in Tacloban City, Philippines. By examining organisational factors, professional standards, regulatory frameworks, individual characteristics, and technology within a localised, developing economy context, the research contributes a context-specific understanding of how professional scepticism is shaped in practice. In doing so, it offers valuable insights for audit firms, regulators, and educators seeking to enhance audit quality and support the evolving role of auditors as financial gatekeepers.

2. RELATED LITERATURE

In this study, professional scepticism in auditing is influenced by several key factors: organisational factors, professional standards, regulatory frameworks, individual characteristics, and technology. Each of these elements is grounded in relevant theoretical frameworks that explain their impact on auditors' judgement and behaviour.

Organisational factors such as culture, leadership, and role dynamics significantly shape auditors' behaviours. According to the theory of organisational behaviour, organisational environments that encourage transparency and critical thinking are more likely to foster professional scepticism. Meanwhile, hierarchical or bureaucratic structures can suppress open questioning and reduce scepticism (Sonjaya, 2024). Moreover, Role Conflict Theory explains that auditors' multiple roles may create pressures that influence their ability to remain sceptical (Muslim, 2023).

Professional standards guide auditors' ethical decision-making and maintain objectivity. Normative ethical theory highlights that professional codes, such as those set by the International Federation of Accountants (IFAC), play a crucial role in reinforcing ethical behaviour and ensuring auditors exercise scepticism in their work (International Ethics Standards Board for Accountants [IESBA], 2024). These standards serve to safeguard auditors' independence and promote scepticism.

Regulatory frameworks enforce compliance and transparency, directly affecting auditors' behaviour. Institutional theory suggests that external regulations, such as the Sarbanes-Oxley Act, institutionalise practices that encourage scepticism by requiring auditors to meet high standards of accountability and scrutiny (Aghazadeh *et al.*, 2023; Rodrigues & Oliveira, 2024).

At the individual level, frameworks like social cognitive theory and trait theory emphasise that personal characteristics, including self-confidence, emotional intelligence, and ethical commitment, are key factors that determine auditors' professional scepticism. Recent studies have demonstrated that personality traits such as agreeableness, conscientiousness, and openness are positively associated with professional scepticism, while traits like extraversion and neuroticism may have negative influences (Arifudin *et al.*, 2023; Pradhono & Setijaningsih, 2025).

Technology impacts professional scepticism by improving efficiency but also presenting challenges. According to cognitive load theory and automation bias, over-reliance on automated tools can reduce auditors' critical thinking and judgement, diminishing their ability to maintain scepticism. Recent studies have demonstrated that auditors may reduce effort and be less effective when reviewing work conducted by automated tools compared to identical work by human colleagues (Peters, 2023).

3. METHODOLOGY

This study utilised a quantitative, descriptive-correlational research design to examine the relationship between selected factors and the dimensions of professional scepticism among Filipino private auditors. A correlational approach was appropriate, as the study sought to identify and measure the strength of associations among key variables without manipulating them.

The research was conducted in Tacloban City, the economic and administrative hub of Region VIII, which presents a distinct research context compared to more economically dense areas like Metro Manila or Cebu. Following Super Typhoon Yolanda in 2013, post-disaster reforms reshaped governance, heightened public scrutiny, and elevated ethical expectations for professionals, including auditors (ADB, 2016; Capuno *et al.*, 2024). These developments have increased the demand for transparency and robust

financial oversight, making Tacloban a relevant site for examining professional scepticism.

Unlike auditors in major urban centres, Tacloban-based practitioners often serve both public and private clients while working with limited institutional and technological support (COA, 2019). These conditions impose unique responsibilities and pressures, offering valuable insights into how local socio-economic and ethical contexts (Sonjaya, 2024) influence auditor behaviour. By focusing on Tacloban, this study helps fill a geographic gap in Philippine audit research and promotes a more inclusive understanding of professional scepticism.

The target population comprised Certified Public Accountants (CPAs) practising in the private sector either as members of audit firms or as freelance external auditors. A purposive sampling method was employed to ensure that participants possessed relevant audit experience and were accessible for data collection. The sample size of 27 Filipino private auditors is methodologically justified due to the limited population of licensed auditors in Tacloban City. Purposive sampling was employed to maximise the inclusion of eligible participants, ensuring a representative sample of the local auditing community. Sample size determination in quantitative behavioural research typically depends on statistical power analysis, effect sizes, and the complexity of the statistical model, ensuring reliable and valid results (Cohen, 1992), with recommendations ranging from 5 to 20 observations per variable depending on model complexity (Hair *et al.*, 2019). Given the lack of prior studies on professional scepticism in provincial urban centres of the Philippines, this research offers valuable exploratory insights, emphasising depth over generalisation in contributing to local policy and professional development.

Data were gathered through a structured questionnaire divided into three sections. The first section collected demographic information. The second section addressed five major categories hypothesised to influence professional scepticism: (1) organisational factors, (2) professional standards, (3) regulatory frameworks, (4) individual characteristics, and (5) technology. The third section assessed the respondents' level of professional scepticism using items adapted from the Hurtt (2010) Professional Scepticism Scale, a widely validated instrument that conceptualises scepticism as a cognitive trait. All survey items were measured using a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). This study adopted Hurt's (2010) model of professional scepticism

for its comprehensive and empirically grounded approach to understanding the individual and contextual factors, such as self-confidence, objectivity, and ethical commitment, that shape sceptical behaviour. The model offers a practical structure suitable for quantitative research. Its flexibility across different audit settings makes it particularly relevant to the Philippine context, especially in regional cities like Tacloban, where auditors often face limited resources and take on diverse responsibilities. Hurt's framework enables a more contextualised understanding of how professional scepticism is formed and applied.

Validity and reliability of the questionnaire were evaluated to verify its effectiveness. Five professionals—a statistician, two CPAs (from academia and industry), a language specialist, and an auditor—provided feedback to enhance and align the instrument with the study's aims, ensuring content validity. Pilot research with ten auditors from Palo, Leyte, was conducted to test reliability, in accordance with suggestions that ten respondents are appropriate for pilot testing (Fink, 2003, as cited in Saunders *et al.*, 2007). A Cronbach's alpha analysis was conducted using Jamovi software, yielding a coefficient of $\alpha = 0.825$. This result indicates a high level of internal consistency and supports the instrument's suitability for measuring the targeted constructs.

Data analysis was performed using SPSS. Descriptive statistics were utilised to summarise respondent demographics and key variable distributions. Pearson product-moment correlation coefficients were calculated to assess the relationships between the five independent variables and professional scepticism. Given the small sample size, inferential results are interpreted with caution. Multiple regression analysis was further conducted to explore the predictive influence of organisational factors, professional standards, regulatory frameworks, individual characteristics, and technological tools on auditors' professional scepticism. While causality cannot be inferred due to the correlational nature of the study, the combination of correlational and predictive analyses provided a useful framework for understanding how selected factors relate to the dimensions of scepticism in a real-world, non-experimental setting. Regression analysis can still produce valid and meaningful results with small sample sizes if the model is carefully specified and the number of predictors is limited. Van de Schoot and Miočević (2021) provide practical strategies for handling small samples to improve reliability and validity in research. Ryan (2013) highlights the importance of appropriate sample size determination and

power analysis when working with limited data. Hoyle (1998) discusses a range of statistical strategies tailored to small sample research that help maintain rigour and credible inference despite data constraints. Weisberg (2014) explains how diagnostic tools in applied linear regression can assist researchers in evaluating model fit and robustness even with small datasets. These approaches support the feasibility of focused quantitative studies where context and depth matter more than large, generalisable samples.

In addition to Pearson's product-moment correlation, Spearman's rank-order correlation analysis was also performed to account for the ordinal nature of Likert scale data and the study's small sample size (n = 27). This non-parametric approach does not assume normality and is well-suited to evaluating monotonic relationships among variables measured on ordinal scales. The inclusion of Spearman's correlation adds rigour and ensures that the relationships among the identified factors and dimensions of professional scepticism are valid under less restrictive statistical assumptions.

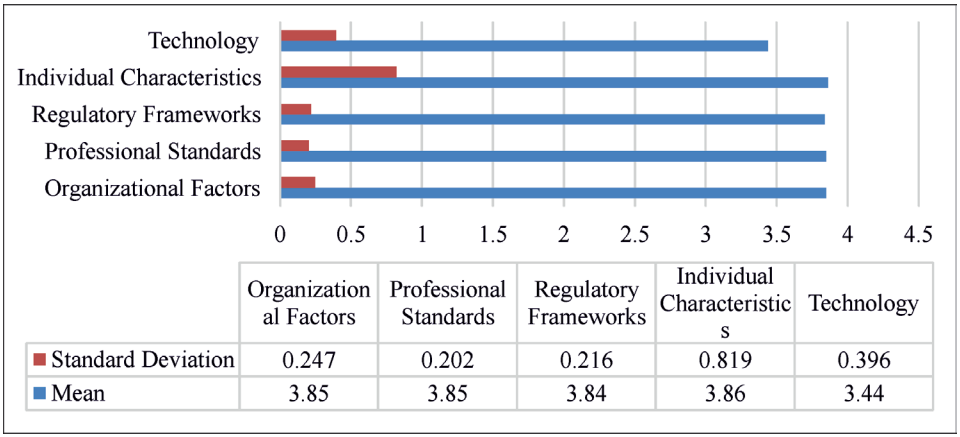
To verify the validity of the regression model, diagnostic tests were conducted to assess key assumptions. These included tests for linearity, normality of residuals, homoscedasticity, independence of observations, and multicollinearity. Linearity was visually assessed using partial regression plots. The normality of residuals was evaluated using a normal probability plot (P–P plot) and the Shapiro-Wilk test. Homoscedasticity was checked through scatterplots of standardised residuals versus predicted values. Independence of observations was tested using the Durbin-Watson statistic. Multicollinearity was assessed using variance inflation factor (VIF) and tolerance values. All diagnostics were performed using SPSS, ensuring that the regression model met essential assumptions for reliable interpretation.

Ethical standards were strictly observed throughout the study. Participation was voluntary, informed consent was obtained from all respondents, and anonymity and confidentiality were maintained in accordance with institutional ethical guidelines.

4. RESULTS

This section presents the descriptive statistics and regression analysis outcomes, highlighting the relationship between the identified factors and dimensions of professional

Table 1: Factors Influencing Professional Skepticism

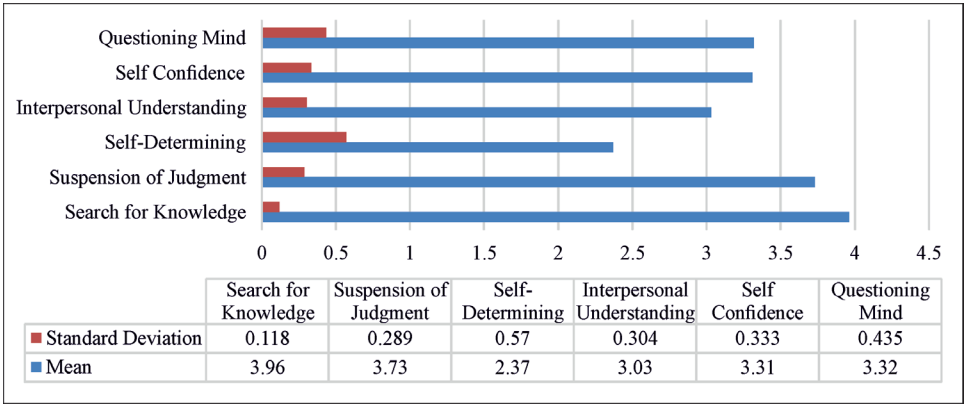


	Organizational Factors	Professional Standards	Regulatory Frameworks	Individual Characteristics	Technology
Standard Deviation	0.247	0.202	0.216	0.819	0.396
Mean	3.85	3.85	3.84	3.86	3.44

Legend: *Extremely Influential=3.26-4.00; Moderately Influential=2.51-3.25; Slightly Influential=1.76-2.50; Not Influential at all=1.00-1.75*

Descriptive statistics indicated that all five identified factors were rated as extremely influential in relation to professional skepticism. Individual characteristics recorded the highest mean score (M = 3.86, SD = 0.819), followed closely by organizational factors (M = 3.85, SD = 0.247), professional standards (M = 3.85, SD = 0.202), and regulatory framework (M = 3.84, SD = 0.216). Technology, while still classified as extremely influential, showed a slightly lower mean (M = 3.44, SD = 0.396) compared to the others.

Table 2: Dimensions of Professional Skepticism



	Search for Knowledge	Suspension of Judgment	Self-Determining	Interpersonal Understanding	Self Confidence	Questioning Mind
Standard Deviation	0.118	0.289	0.57	0.304	0.333	0.435
Mean	3.96	3.73	2.37	3.03	3.31	3.32

Legend: *High Professional Skepticism=3.26-4.00; Moderate Professional Skepticism=2.51-3.25; Low Professional Skepticism=1.76-2.50; Very Low Professional Skepticism=1.00-1.75*

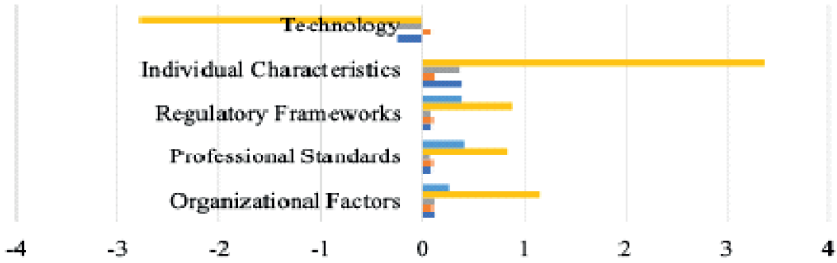
For the dimensions of professional skepticism, search for knowledge had the highest mean score (M = 3.96, SD = 0.118), suggesting a consistently strong presence among respondents. High scores were also observed for suspension of judgment (M = 3.73, SD = 0.289), self-confidence (M = 3.31, SD = 0.333), and questioning mind (M = 3.32, SD = 0.435). Interpersonal understanding showed a moderate level (M = 3.03, SD = 0.304), while self-determining deviated from the general pattern with a notably lower mean (M = 2.37, SD = 0.570), indicating lower agreement among respondents in this dimension.

Table 3: Regression Model Summary

R^2	*Adjusted* R^2	*F*	*Sig.*
0.579	0.468	5.22	0.004

Regression analysis showed that the overall model was statistically significant, F(5, 21) = 5.22, p = .004, with an R^2 value of .579 and an adjusted R^2 of .468. The model explained approximately 57.9% of the variance in professional skepticism scores.

Table 4: Regression Coefficients

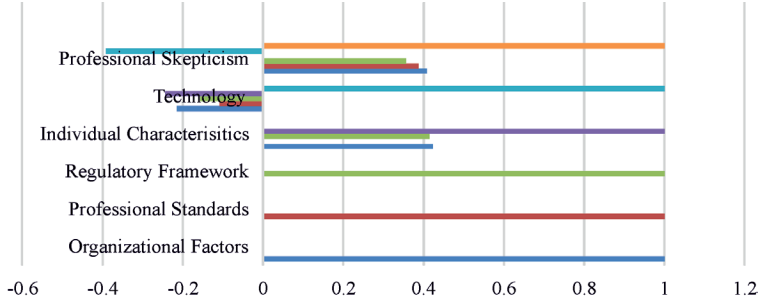


	Organizational Factors	Professional Standards	Regulatory Frameworks	Individual Characteristics	Technology
Sig	0.264	0.41	0.38	0	0
t	1.143	0.837	0.892	3.381	-2.786
Beta	0.109	0.085	0.089	0.359	-0.243
Std. Error	0.098	0.104	0.102	0.113	0.089
B	0.112	0.087	0.091	0.382	-0.248

Among the predictors, individual characteristics had the highest standardized beta coefficient (β = .359, t = 3.381, p = .002), indicating a strong statistical contribution to the model. Technological influence had a negative beta value (β = –.243, t = –2.786, p = .010), which deviates from the positive direction observed in the other predictors.

Despite being rated as extremely influential in the descriptive analysis, organizational factors (β = .109, t = 1.143, p = .264), professional standards (β = .085, t = 0.837, p = .410), and regulatory frameworks (β = .089, t = 0.892, p = .380) did not reach statistical significance in the regression model.

Table 5: Spearman Correlation Matrix



	Organizational Factors	Professional Standards	Regulatory Framework	Individual Characterisitics	Technology	Professional Skepticism
Professional Skepticism						1
Technology					1	-0.391
Individual Characteristics				1	-0.243	0
Regulatory Framework			1	0.414	-0.157	0.356
Professional Standards		1	0	0	-0.109	0.387
Organizational Factors	1	0	0	0.423	-0.215	0.408

Table 5 presents the Spearman rank-order correlation coefficients among the six key variables: organisational factors, professional standards, regulatory framework, individual characteristics, technology, and professional scepticism. The matrix displays pairwise correlations, with each coefficient indicating the strength and direction of the monotonic relationship between two variables. Diagonal elements are all equal to 1, representing perfect correlation of each variable with itself.

Positive correlations were observed among most of the independent variables, particularly between organisational factors and professional standards, as well as between regulatory frameworks and professional standards. Individual characteristics showed moderate correlations with organisational factors, professional standards, and regulatory frameworks. In contrast, technology was negatively correlated with all other variables, including professional scepticism.

Professional scepticism demonstrated positive correlations with organisational factors, professional standards, regulatory frameworks, and

individual characteristics, while its correlation with technology was negative. The correlation values range from weak to moderately strong, reflecting varying degrees of association among the study variables. All correlations were computed using Spearman's rho, appropriate for the ordinal nature of the data.

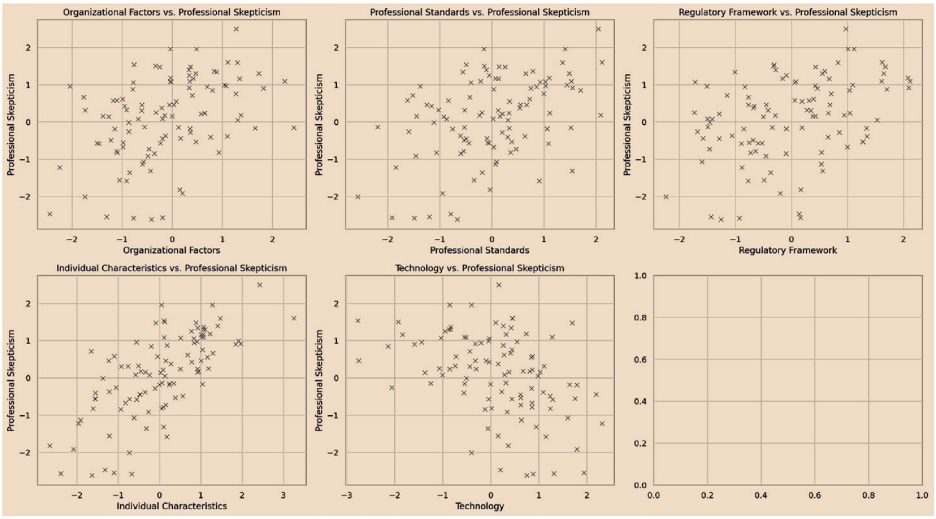


Figure 1: Scatter plots showing relationships between selected factors and ↑ Professional Skepticism

Scatter plots were generated to further investigate the relationships between the identified factors and professional scepticism. These visualisations aid in identifying potential non-linear patterns and provide deeper insights into the direction and strength of the associations.

As presented in Figure 1, there is a clear positive association between individual characteristics and professional scepticism. In contrast, technology demonstrates a negative relationship with professional scepticism. Other variables such as organisational factors, professional standards, and the regulatory framework also exhibit moderate positive trends in relation to professional scepticism. These patterns highlight the multidimensional nature of influences on auditors' scepticism and suggest areas where interventions or policy improvements could be directed.

To ensure that these relationships were appropriately modelled and interpreted, the study incorporated residual analysis and regression diagnostics to validate the underlying assumptions of the regression framework. Tests

Table 6: Residual Diagnostic Tests for Regression Assumptions

Assumption	*Test/Method Used*	*Result*	*Interpretation*
Linearity	Residuals vs. Fitted Plot	No clear patterns observed	Suggests linear relationship between predictors and dependent variable
Normality of Residuals	Histogram, Q-Q Plot, Shapiro-Wilk Test	p-value = 0.086	Residuals are approximately normally distributed
Homoscedasticity	Breusch-Pagan Test	p-value = 0.231	No evidence of heteroscedasticity; variance of residuals is constant
Independence of Residuals	Durbin-Watson Statistic	DW = 1.95	Residuals are independent (values close to 2 indicate no autocorrelation)
Multicollinearity	Variance Inflation Factor (VIF)	All VIFs < 2.5	No multicollinearity present among predictors

for linearity confirmed that the relationships between predictors and the outcome variable were adequately linear. The normality of residuals was supported by visual and statistical assessments, indicating that the error terms were symmetrically distributed, which is essential for valid inference. Homoscedasticity tests showed consistent residual variance, while the Durbin-Watson statistic indicated no evidence of autocorrelation, supporting the independence of observations.

Additionally, despite some moderate intercorrelations—particularly between Professional Standards and Regulatory Framework—multicollinearity was not a concern, as all Variance Inflation Factor (VIF) values remained well below the critical threshold. These diagnostic results confirm the appropriateness of the regression model and strengthen the credibility of the conclusions drawn.

5. DISCUSSIONS

The statistical results of the regression analysis provide insightful evidence regarding the factors influencing professional scepticism among Filipino private auditors in Tacloban City. Descriptive data revealed that all five independent variables—organisational factors, professional standards, regulatory frameworks, individual characteristics, and technological influence—were perceived by respondents as "extremely influential". Among the dimensions of professional scepticism, auditors rated highest in "search for knowledge", "questioning mind", and "suspension of judgement", indicating an overall high level of scepticism. In contrast, "self-determination" received the lowest mean score, suggesting potential areas for development in auditors' autonomy and

initiative. The "self-determining" dimension deviated from the general pattern with a notably lower mean (M = 2.37, SD = 0.570), indicating a lower level of agreement among respondents. This suggests that auditors were less inclined to identify with behaviours reflecting independent judgement or decision-making, possibly due to cultural, organisational, or experiential factors that influence their professional autonomy (Zainal Abidin, Ahmad, Abdull Hamid, & Md Amin, 2023).

The regression model was statistically significant, with an F-value of 5.22 ($p = .004$) and an R^2 of .579, indicating that approximately 57.9% of the variance in professional scepticism can be explained by the combined influence of the five predictor variables. The adjusted R^2 of .468 further suggests that the model remains robust even after accounting for potential sampling bias.

Among the predictors, individual characteristics emerged as the strongest and most significant positive predictor of professional scepticism ($\beta = .359$, $t = 3.381$, $p = .002$). This finding implies that traits such as ethical orientation, integrity, professional confidence, and experience substantially influence the degree to which auditors exercise professional doubt and critical inquiry. The result supports previous studies (e.g., Hurtt, 2010; Quadackers *et al.*, 2014) that emphasised the role of individual auditor mindset and ethical orientation in sceptical behaviour.

On the other hand, technological influence emerged as a negative predictor of professional scepticism ($\beta = –.243$, $t = –2.786$, $p = .010$). This suggests that greater reliance on automated tools or audit technologies may reduce auditors' active engagement in judgement-based assessments. While technology plays an essential role in audit efficiency, excessive dependence may limit the application of professional judgement, potentially weakening the sceptical mindset. This finding aligns with concerns raised by Samiolo *et al.* (2023) that technological overreliance may lead to cognitive complacency among auditors. Recent studies reveal a complex relationship between technology and professional scepticism. Over-reliance on automated tools can reduce auditors' critical thinking due to automation bias (Peters, 2024) and limit the development of judgement in junior staff (Samiolo *et al.*, 2023). Auditors who inherit analytic tests also show lower scepticism compared to those who develop them (Li, 2023). However, when properly integrated, technology can enhance audit performance and support sceptical behaviour (Asrini *et al.*, 2023). These findings highlight the

need for balanced use of technology, ensuring auditors remain actively engaged and critically reflective.

In contrast, organisational factors (β = .109, p = .264), professional standards (β = .085, p = .410), and regulatory frameworks (β = .089, p = .380) did not emerge as statistically significant predictors. Although these were perceived as extremely influential in the descriptive results, their statistical insignificance in the regression model suggests they may function more as contextual enablers rather than direct determinants of sceptical behaviour. This supports the interpretation that the internalisation and implementation of these frameworks depend largely on individual auditor values and experiences, rather than their mere presence in the working environment.

To supplement the findings of the parametric tests, Spearman's rank-order correlation analysis was conducted. The results confirmed significant positive associations between individual characteristics and professional scepticism (ρ = .581, p < .01), aligning with the regression results. Similarly, moderate positive correlations were observed between organisational factors, professional standards, and regulatory frameworks with scepticism, although these were not statistically significant in the regression model. Notably, the correlation between technology and professional scepticism was negative and significant (ρ = –.391, p < .05), reinforcing the interpretation that increased reliance on technology may hinder auditors' sceptical engagement. These non-parametric findings offer additional validation for the robustness of the model and underscore the importance of individual auditor traits in fostering scepticism, regardless of statistical assumptions.

These findings suggest that developing professional scepticism requires a holistic approach that includes targeted training, ethical reinforcement, and a critical evaluation of the impact of technology on audit practices. Audit firms may benefit from investing in continuous professional development programs that emphasise critical thinking and ethical judgement (Quadackers *et al.*, 2014). Regulatory bodies may also consider ensuring that standards not only mandate compliance but also inspire a reflective and evaluative audit mindset (International Auditing and Assurance Standards Board [IAASB], 2018).

By contributing empirical evidence from Tacloban City, this study adds to the body of knowledge on professional scepticism within a developing economy context. The localised insights highlight the importance of context-

specific strategies in enhancing audit quality and support the broader discourse on the evolving demands of the auditing profession (Tepalagul & Lin, 2015).

Research has shown notable differences between public and private sector auditors in their exercise of professional scepticism. Public auditors, particularly those employed by state audit institutions, often operate under stricter regulatory oversight, with greater emphasis on procedural compliance and risk aversion (Chow *et al.*, 2018). This regulatory environment tends to foster a more cautious audit mindset, potentially enhancing scepticism through institutional checks.

In the context of developing economies, several studies have reported that resource limitations, underdeveloped enforcement mechanisms, and cultural influences often weaken audit effectiveness and professional scepticism (Eshky, Atouf, Alsudairi, & Basudan, 2025; Hussaini, Baba, & Saidu, 2024). Nonetheless, auditors in such settings frequently rely more heavily on personal integrity, informal norms, and peer relationships in place of rigid structures.

The findings from Tacloban City reflect this pattern. Despite limited regulatory pressure, auditors demonstrated high levels of scepticism influenced by individual ethical orientation and experiential learning rather than systemic mandates. This resonates with the work of Eshky, Atouf, Alsudairi, & Basudan (2025) and Hussaini, Baba, & Saidu (2024), who found that in South Asian audit settings, scepticism is often "socialised" through mentorship, peer influence, and personal experience rather than institutional training.

Moreover, developing economies often lack widespread, standardised continuing professional education (CPE), making organisational training and ethical leadership especially vital (Ocak, Özkan, & Can, 2022). The current study underscores this gap, highlighting the importance of firm-level initiatives in cultivating professional scepticism where external systems fall short.

In highly urbanised or corporate centres, auditors generally have access to greater institutional support, exposure to complex audits, and peer benchmarking. These factors tend to improve both technical competence and sceptical capacity (Agoglia *et al.*, 2009). In contrast, localised regions like Tacloban City may lack exposure to such large-scale audit environments, resulting in fewer opportunities to develop scepticism through handling high-risk or complex cases.

However, the current study challenges the assumption that sceptical behaviour is inherently weaker in localised contexts. Tacloban-based auditors

demonstrated notable levels of scepticism, particularly in trait-like self-determination. This supports the idea that professional scepticism can be strong in smaller or regional centres, provided that ethical culture and experience-based learning are present.

In the context of the Philippines, cultural factors play a significant role in shaping auditors' professional scepticism. The "pakikisama", or sense of camaraderie, and "utang na loob" (debt of gratitude) are deeply ingrained in Filipino society and often influence interpersonal relationships within business settings (Benitez, 2022). These cultural values can sometimes create barriers to the exercise of professional scepticism, as auditors may feel reluctant to question or challenge clients, particularly in smaller, close-knit communities where auditors often have long-standing relationships with clients.

Taken together, the findings indicate that fostering professional scepticism in audit practice may require a more targeted focus on strengthening individual ethical orientation and critical thinking capacities while also ensuring that technological tools enhance rather than hinder professional judgement. Organisational and regulatory structures, while important, should be aligned with strategies that reinforce ethical awareness and personal accountability in audit work.

The generalisability of the present findings is limited by the relatively small sample size. As such, the results should be interpreted with caution and viewed as preliminary. This study is exploratory in nature and serves as a foundation for future research. Replication with larger, more diverse samples is recommended to enhance the robustness and external validity of the observed relationships.

6. CONCLUSION AND RECOMMENDATIONS

Professional scepticism among auditors in Tacloban City is mostly motivated by individual characteristics, particularly experience and a critical perspective. The data indicate that auditors with high degrees of self-confidence, ethical sensitivity, and a readiness to examine assumptions are more suited to exercising professional scepticism in practice. While technology is a useful tool, excessive dependence on automated systems appears to reduce critical thinking and evaluative judgement. Organisational and regulatory aspects, while not statistically significant, are important to the entire audit ecosystem because they provide a hospitable atmosphere and guiding principles.

To enhance professional scepticism among Filipino auditors, this study recommends several targeted actions for audit firms, academic institutions, and regulatory agencies within the Philippine context.

First, audit firms operating in the Philippines are encouraged to institutionalise robust Continuing Professional Development (CPD) programmes that go beyond technical training. These programmes should explicitly focus on cultivating critical thinking, ethical sensitivity, and independent professional judgement—competencies that are essential for demonstrating scepticism. CPD programmes may be aligned with the Philippine Accountancy Act of 2004 and BOA-PRC guidelines to ensure relevance and compliance with national standards.

Second, in light of increasing technological integration into audit practices, regulatory bodies such as the Commission on Audit (COA) and the Professional Regulatory Board of Accountancy (PRBoA) may consider issuing guidance on the reflective and ethical use of audit technologies. Training modules should emphasise that digital tools serve not to substitute but to enhance human judgement, particularly in risk assessment and decision-making.

Third, audit firms can actively foster a culture of scepticism by promoting open communication, inquiry, and independent thought. Management and partners can support this by embedding scepticism into performance evaluations, mentoring systems, and quality control mechanisms, consistent with the Philippine Standards on Quality Management (PSQM).

At the policy level, Philippine regulators may consider updating existing audit standards to emphasise reflective practice alongside compliance. Issuing context-sensitive advisories and interpretation bulletins—especially on complex or evolving audit scenarios—could better equip auditors to exercise scepticism in diverse local government and corporate settings.

Lastly, future research in the Philippines would benefit from expanding sample sizes and geographic coverage to capture a broader range of auditor experiences, including those in rural and underserved regions. Researchers should also explore mixed-methods designs that integrate qualitative insights into how organisational structures, local regulatory pressures, and sociocultural factors influence sceptical behaviour. Such insights may inform more responsive educational curricula, regulatory reforms, and firm-level strategies that align with the dynamic needs of the Philippine auditing profession.

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Conflict of Interest

There is no conflict of interest involved in the publication of this paper.

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