
The Effect of Audit Fee, Auditor Rotation, Auditor Firm Reputation, and Auditor Specialization on Audit Quality

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ABSTRACT

This research analyzes the effect of audit fees, audit switching, audit firm reputation, and auditor specialization on audit quality. Data in the current research were secondary data obtained from the financial statements of consumer good industry companies listed on the Indonesia Stock Exchange in 2017-2019. This study used the purposive sampling method to select samples from the population. Based on the method, there were 26 companies obtained with 78 samples. Data were analyzed using multi-linear regression analysis. Proxy measurements for audit quality are by discretionary accruals of the Kaznik model (1999). The result indicates that audit switching has an impact on audit quality. While audit fee, KAP reputation, and auditor specialization do not impact audit quality.

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1. INTRODUCTION

Companies enlisted in the Indonesia Stock Exchange (BEI) must issue their audited financial statement. Public accountant service is crucial to measure the soundness of a company's financial statement. The financial statement describes the company's performance, which eventually is helpful beneficial for related parties, both internal and external. A public accountant must maintain the trust and reputation he/she gains from the public.

An auditor holds high integrity because financial audits require an independent and neutral auditor as a part of the responsibility in maintaining public trust. There is an urge to

maintain trust from clients and financial statement users; otherwise, auditors will not have the capacity to serve clients and the public in general. According to De Angelo (1981), audit quality opens all possibilities during auditing. It might generate findings that are not always suitable with the client's expectation regarding violation of the accounting system; nevertheless, the report must be made relatively and reported accordingly. Therefore, auditor must subject to the prevailing accounting standard and code of ethics. The low audit quality has drawn much attention as it involves public accountant that should remain independent. The independence of an auditor determines the audit quality provided. Nevertheless, many cases are still occurring related to the low quality of audit, which eventually disservice the financial statement's users severely.

The latest phenomenon related to audit quality occurs to PT Tiga Pilar Sejahtera Food Tbk (AISA), concerning its financial statement in 2017 that caused some speculations on the new management. An investigation by Ernst & Young stated that there were findings of allegations of fund inflation in several accounting posts up to billions. The financial statement of 2017 was previously audited by KAP (Public Accountant Office) of Amir Abadi Jusuf, Aryanto, Mawar, and partner, affiliated with RSM International (www.cnbcindonesia.com). Even though the statement reported a potential default risk in the future; nevertheless, the KAP declared its Unqualified Opinion (WTP). Based on investigation on the issuer's financial statement, the KAP Amir Abadi Jusuf, Aryanto, Mawar, and partner had audited the PT Tiga Pilar Sejahtera Food Tbk at least after the financial statement issuance in 2004 (www.kompasiana.com). The quality of an audit depends on the duration of time an auditor works for the client; having a relatively long time with a particular company might reduce an auditor's independence.

The development of audit quality is affected by both internal and external factors. The internal factors included in this study are audit fee, auditor rotation, KAP reputation, and auditor specialization. Firstly, the audit fee is assumed to increase the auditor's performance in completing the work and meeting the client's expectations. previous study Permatasari & Christina (2018) stated that audit fee has a significant positive effect on audit quality. High audit fees can increase the quality and competence of the audit. study is in line with Kurniasih dan Abdul (2014) stated that the audit fee significantly affected the audit quality. Secondly, auditor rotation is necessary to avoid attachment on the client that might affect the auditor's independence, which eventually might cause fraudulence. A study by Permatasari dan Christina (2018) proposed that auditor rotation significantly positively affected audit quality.

Thus, a mandatory audit rotation can affect the audit quality and significantly impact the independent audit result.

Thirdly, KAP's reputation is closely related to good company image, and there is an urge to maintain its reputation before the public consistently. According to Bigus (2015), audit service companies with good reputations have higher motivation to reduce errors and faulty than those with less good reputations. A study by Prasetya and Rosmita (2016) proposed that KAP's reputation positively affected audit quality; the higher reputation a KAP has, the better quality its audit for its clients. This study is supported by Ramadhan (2018) that suggested the KAP reputation significantly affected audit quality. Fourthly, according to Ishak et al., (2015), auditor specialization refers to a particular auditor with better knowledge and understanding of the company's internal control, business risk, and audit risk on the particular industry. A study by Panjaitan dan Anis, (2014) proposed that auditor specialization significantly affected audit quality.

Several studies have been conducted to investigate empirical evidence to affect audit quality. One of them is by Permatasari dan Christina (2018) on audit fee, auditor rotation, and KAP reputation on audit quality. The result of the study proves that audit fees, auditor rotation, and KAP reputation have a significantly positive effect on audit quality. Additionally, a study by Nurintiati dan Agus (2017) on KAP tenure, size, auditor specialization, and audit fee showed that KAP tenure and audit fee had a significant effect on audit quality; on the other hand, KAP size and auditor specialization did not significantly affect audit quality. Another study by Ishak et al., (2015) on audit rotation, workload, and auditor specialization proved that audit rotation negatively impacted audit quality, while workload and auditor specialization positively affected audit quality.

According to the mentioned findings, there is an urge to investigate more factors that may affect audit quality. The study's problem is the effects of audit fee, auditor rotation, KAP's reputation, and auditor specialization on audit quality; these are to find out any impact of independent variables on the independent ones. The result of the study is expected to add insight, knowledge, and understanding within the accounting field, especially concerning audit quality, which eventually serves as a useful reference for future studies.

2. RESEARCH METHOD

Population and Samples

The population of this study are manufacturing companies in the consumption goods sector enlisted in Indonesia Stock Exchange in the period of 2017-2019. The population

determined the number of samples serving as objects of the study. The sampling technique applied in this study is purposive sampling with the following criteria: (1) Manufacturing companies in the consumption goods sector enlisted in the Indonesia Stock Exchange in the period 2017-2019 that provide an annual financial statement from 2017-2019 consecutively. (2) Manufacturing companies in the consumption goods sector not delisted from the Indonesia Stock Exchange from 2017-2019. (3) Manufacturing companies in the consumption goods sector enlist professional fees in their financial statement from 2017 to 2019.

The data employed in this study is of the secondary ones. Secondary data is achieved from an existing source. The source of data in this study is the annual financial statement of manufacturing companies in the consumption goods sector enlisted in the Indonesia Stock Exchange during 2017-2019. The data on the annual financial statements were obtained from www.idx.co.id. Additionally, a list of company names included in the consumption goods sector was accessed at www.sahamok.com. The data collection technique applied in this study was by documentation through collecting, recording, and reviewing the secondary data in the form of the audited financial statement published by companies enlisted at the Indonesia Stock Exchange.

Variable Measurement

Audit Quality

Audit quality may come in handy in detecting any fraudulence and violation in the client's accounting system. A qualified audit can investigate a thorough financial statement and find any material misstatement De Angelo (1981). The proxy applied to measure the audit quality is discretionary accruals, as the audit quality holds the negative value of this type of accruals. Permatasari dan Christina (2018). The calculation of discretionary accruals in this study applied the Kaznik classical model (1999) with the following formula:

a. Company's Total Accruals (TAC)

$$TACC_{it} = NI_{it} - CFO_{it}$$

Notes:

TACC_{it} : Accruals for firm *i* in time period *t*

NI_{it} : Net income for firm *i* in time period *t*

CFO_{it} : Total cash flow from operating activities for firm *i* in time period *t*

b. Non-discretionary accruals (NDA)

The non-discretionary accruals are the change of income that adjusts with the change of receivables, PPE, and CFO. The NDAC_{it} is achieved by regressing the values inside the brackets of the equation to find the coefficient value.

$$\begin{aligned} TACC_{it}/TA_{it-1} = & \alpha_1 (1/ TA_{it-1}) + \alpha_2 (\Delta REV_{it}/TA_{it-1} - \Delta REC_{it}/ TA_{it-1}) + \alpha_3 \\ & (PPE_{it}/TA_{it-1}) + \alpha_4 (\Delta CFO_{it}/TA_{it-1}) + \varepsilon_{it} \end{aligned}$$

Notes:

$TACC_{it}$: Total accruals for firm i in time period t
TA_{it-1}	: Total asset for firm i in time period $t-1$
ΔREV_{it}	: Revenue change for firm i in time period t
ΔREC_{it}	: change in the net receivable for firm i in time period t
ΔCFO_{it}	: change in the operational cash flow for firm i in time period t
PPE_{it}	: Fixed asset for firm i in time period t
$\alpha_1-\alpha_4$: Coefficient of regression equation

c. Discretionary Accrual (DA) can be calculated after TACC and NDACC are generated.

$$DACC_{it} = TACC_{it} - NDACC_{it}$$

Audit Fee

Audit fee refers to the payment received by auditors for their professional services based on such factors as the complexity of the services, the level of expertise, and many other factors. In this study, the calculation of audit fees applied the natural logarithm (Ln) from professional fees received by an auditor (Permatasari dan Christina, 2018).

$$\text{Ln} = \text{Professional Fees}$$

Auditor Rotation

Auditor rotation is the change of public accountant/ public accountant office to promote independence and avoid attachment with the client, resulting in the decrease of audit quality (Permatasari dan Christina, 2018). Auditor rotation is calculated by using a dummy variable. A company that conducts the rotation will receive 1 point, while those who do not will receive 0 points (Anas et al., 2018).

KAP Reputation

Reputation refers to public trust. When a company experiences a trust crisis from the public, it will negatively impact its reputation; consequently, it requires hard effort to rebuild the trust (Hartadi, 2009). KAP reputation is calculated by using a dummy variable. Therefore, when the KAP audits a Big Four company, it will receive 1 point, and when it is not included in the Big Four, the KAP will receive 0 points (Darya dan Puspitasari, 2017).

Auditor Specialization

Auditor specialization refers to an auditor's capability that includes adequate knowledge, understanding, and experience in auditing financial statements. Auditor specialization is proxied by using the auditor industry specialization (AIS).

$$AIS = \frac{\text{The number of KAP clients in a particular industry}}{\text{The number of issuers within the industry}} \times 100\%$$

Specialization is calculated by using a dummy. Therefore, when an auditor has audited 15% of the total companies by the least, he/ she will receive 1 point; when it is less than 15%, he/ she will receive 0 points (Ishak et al.,2015).

Data Analysis Method

The data analysis technique applied in this study is a quantitative method using multi-linear regression, an analytical tool to measure the effect of more than one independent variable on the dependent variable.

Multi-linear Regression Analysis

$$Y = \alpha + \beta_1FA_1 + \beta_2RA_2 + \beta_3REP_3 + \beta_4SPEC_1 + \varepsilon$$

Notes:

Y	: Audit quality
α	: Constants
β	: Regression coefficient for independent variables
FA ₁	: Audit fee
RA ₂	: Auditor Rotation
REP ₃	: KAP reputation
SPEC ₄	: Auditor specialization
e	: Error (cofounding factor)

Descriptive Statistics Analysis

Descriptive statistics is a method related to collecting, summarizing, and presenting to a more informative form. The descriptive statistics method aims to explain and describe the characteristics of a group of data or more. This method's detailed explanation requires the number of samples, minimum value, maximum value, average value, and deviation standard (Ghozali, 2018).

Classical Asumption Test

This study employed the classical assumption test consisting of (1) normality test to investigate the type of distribution between cofounding/ residual variables using the requiring a criteria *Asymp.Sig (2-tailed) > 0,05* will result in the normal distributed data. (2) The multicollinearity test aims at testing the correlation in the regression model among independent variables; there is no multicollinearity upon $VIF < 10$ and tolerance value > 0.01 . (3) The heteroscedasticity test assesses the variance inequality of residual in the regression model using lesser test; heteroscedasticity does not occur upon significance (*sig*) > 0.05 ; and (4) The autocorrelation test aims at testing the correlation between cofounding in

period t and $t-1$ using Durbin Watson method; there is no autocorrelation indication upon $dU < dW < 4-dU$ (Ghozali, 2018).

Hypothesis Testing

The hypothesis testing in this study applied the determination coefficient (R^2), F-test, and t-test. The R^2 is to calculate the model in explaining the variation in the dependent variables. A small value of R^2 means that the independent variables have limited ability to explain their variability. The determination coefficient value ranges from 0 to 1. (2) The F-test investigates the independent variables' ability to explain the dependent variables; in other words, it is for the Goodness of Fit test (Ghozali, 2018). The significance value <0.05 shows the effect on the dependent variable, while the significance value >0.05 shows the absence of effect on the dependent variable. (3) The t-test investigates the impact of independent variables individually in explaining the dependent variables (Ghozali, 2018). The significance value <0.05 shows a significant impact on the dependent variable, while the significance value >0.05 shows the absence of significant impact on dependent variables.

3. RESULTS AND ANALYSIS

This study employed secondary data in the form of the financial statement obtained from the Indonesia Stock Exchange (BEI). The population of this study is all manufacturing companies in the consumption goods sector enlisted in BEI during the period 2017-2019. The sampling technique applied in the study is purposive sampling. There are 26 companies with a three-year observation that comply with the sampling criteria

Table 1. Sampling Criteria

No	Detail	Number of Company
1	Manufacturing companies in consumption goods sector enlisted in BEI during 2017-2019	53
2	Manufacturing companies in consumption goods sector that did not publish financial statement from 2017 to 2019 consecutively	(13)
3	Manufacturing companies in consumption goods sector delisted from BEI in 2017 to 2019.	(1)
4	Manufacturing companies in consumption goods sector that did not attach the professional fees on the financial statement in 2017 to 2019	(13)
Number of company sample		26
Observation period (per annum)		3
Total sample (26 x 3)		78

Normality test

Table 2. Normality Test

	Unstandardized Residual
N	78
Test Statistic	0,163
Asymp. Sig. (2-tailed)	0,000

Source: processed SPSS output, 2020

According to table 2, the data of the study is abnormal—the Asymp.Sig using Kolmogorov Smirnov (K-S) shows a value of 0.000 with a total sample of 78 data; thus, the data does not pass the test as it is below 0.05. Data normalizing requires screening to detect each variable for any extreme data distracting the analysis result. The screening test indicated there were seven samples of extreme data required data outlier. Therefore, 71 companies are feasible for the sample of the study.

Multicollinearity Test

Table 3. Multicollinearity Test Result

Variable	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Audit fee	0,721	1,388	No multicollinearity
Auditor rotation	0,95	1,053	No multicollinearity
KAP reputation	0,568	1,762	No multicollinearity
Auditor specialization	0,692	1,446	No multicollinearity

Source: processed SPSS output, 2020

The multicollinearity test results in table 3, all the independent variables in this study are not correlated with each other as the Tolerance values > 0.10 and $VIF < 10$. This finding means that there are no symptoms of multicollinearity between variables.

Autocorrelation Test

Table 4. Autocorrelation Test Result

Model	dL	dU	4-dU	DW	Conclusion
Multi-linear regression	1,4987	1,7358	2,2642	1,843	No Autocorrelation

Source: processed SPSS output, 2020

Based on the results of the autocorrelation test in table 4, the Durbin-Watson value is 1.843. This value was compared with the table value with a significant level of 0.05, the number of samples used in this study was 71 samples (N), and the number of independent variables was 4 ($k = 4$), obtained a dU value of 1.7358. The dW value in this study lies between

dU and 4-dU, namely $1.7358 < 1.834 < 2.2642$. This finding means that there is no occurrence of autocorrelation problem.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Result

	Sig.	Condition
Audit fee	0,563	No Heteroscedasticity
Auditor rotation	0,413	No Heteroscedasticity
KAP reputation	0,110	No Heteroscedasticity
Auditor specialization	0,243	No Heteroscedasticity

Source: processed SPSS output, 2020

Based on table 5, the significance value of all independent variables is more than 0.05. The data in this study have the same variance in the regression function or homoscedasticity. Thus, there is no occurrence of heteroscedasticity.

Statistics Descriptive

Table 6. Statistics Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor rotation	71	18,93	25,59	22,5430	1,56139
KAP reputation	71	0,00	1,00	0,0282	0,16663
Auditor specialization	71	0,00	1,00	0,4366	0,49950
Auditor rotation	71	0,00	1,00	0,2958	0,45964
Audit quality	71	-0,01	0,01	0,0016	0,00319
Valid N (listwise)	71				

Source: processed SPSS output, 2020

The study result in table 6 shows that from 2017 to 2019, the number of samples (N) is 71, meaning that data is valid and no data lost after data calculation and processing using SPSS. The description of the dependent variable and each independent variable is as follows:

Based on the descriptive test, the audit fee variable with 71 samples (N) has a minimum value of 18.93 and a maximum value of 25.59. The audit fee variable has an average value of 22.5430 and a standard deviation of 1.56139. The average value of 22.5430 is near the maximum value, meaning that most companies have high audit fees. Meanwhile, the standard deviation value of 1.56139 is smaller than the average value of the audit fee, meaning that the data distribution for the audit fee variable is small. Therefore, the smaller the standard deviation level, the lower the deviation of the data, so it can be said that the data used is good data.

The auditor rotation variable with 71 samples (N) has a minimum value of 0.00 which means no auditor change from the previous year. While the maximum value of 1.00 means that the company changes auditors. The auditor reputation variable has an average value of

0.0282 and a standard deviation of 0.16663. The average value of 0.0282 auditor rotation indicates the number of companies that perform auditor rotation reaches 2.82%.

The KAP reputation variable with 71 samples (N) has a minimum value of 0.00 which means that the company does not use KAP affiliating with the Big Four, and the maximum value reaches 1.00, meaning the company uses KAP that is affiliated with the Big Four. The KAP reputation variable has an average value of 0.4366 and a standard deviation of 0.49950. The average value of 0.4366 means that 43.66% of companies are audited by KAPs affiliated with Big Four KAPs, and the remaining 56.34% by Non-Big Four KAPs.

Auditor specialization variable with 71 samples (N) has a minimum value of 0.00 and a maximum value of 1.00. This finding indicates that a minimum value of 0 represents a manufacturing company that does not assign a specialized auditor and a maximum value of 1 represents a manufacturing company that assigns specialized auditors. The auditor specialization variable has an average value of 0.2958, meaning that manufacturing companies audited by a specialized auditor are 29.58% of all manufacturing companies that are the research sample.

The audit quality variable measured by the discretionary proxy with 71 samples (N) has a minimum value of -0.01 and a maximum value of 0.01. The audit quality variable has an average value of 0.0016 and a standard deviation of 0.00319. The standard deviation value is greater than the average value, meaning that the total accruals are heterogeneous.

Hypothesis Results

Table 7. Hypothesis Results

Variabel	T-Statistics	P-Value	Conclusion
Audit fee	0,504	0,616	Audit fees do not affect audit quality
Auditor rotation	4,898	0,000	Auditor rotation affects audit quality
KAP reputation	-0,866	0,389	KAP reputation does not affect audit quality
Auditor specialization	0,009	0,993	Auditor specialization does not affect audit quality

Source: processed SPSS output, 2020

Table 7 of t-test indicates the following:

- Based on the test, the significance value for the audit fee variable is $0.616 > 0.05$, and t-count is $0.504 < t$ table 1.99656; therefore, H1 is rejected, meaning that the audit fee does not affect audit quality.
- Based on the test, the significance value for the auditor rotation variable is $0.000 < 0.05$ and t-count $4.898 > t$ -table 1.99656; therefore, H2 is accepted, meaning that auditor rotation has a significant effect on audit quality.

- c. Based on the test, the significance value for the KAP reputation variable is $0.389 > 0.05$ and t-count $-0.866 < t\text{-table } 1.99656$, then H3 is rejected, meaning that KAP reputation does not affect audit quality.
- d. Based on the test, the significance value for the auditor specialization variable is $0.993 > 0.05$ and t-count $0.009 < t\text{-table } 1.99656$; therefore, H4 is rejected, meaning that auditor specialization does not affect audit quality.

Discussion

H1 shows that audit fee do not affect audit quality in consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019. The researcher suspects that the number of audit fees paid by the company for the auditor's services will not affect the final results of the audit of financial statements that have been carried out as the quality of the audit is proven by the auditor independence during the audit and financial statement. The auditor independence factor of an auditor is directly proportional to the quality of the audit. Thus, audit quality is not affected by the fees received. Agency theory can address agency problems between parties who work together but have different goals by presenting an independent auditor. The audit fee from the company to the audit does not affect the performance and ability of the auditor in auditing the financial statements; the audit result remains objective. The results of this study support research conducted by Ramdani (2016), stating that audit fees do not affect audit quality as they cannot predict the audit quality. Furthermore, audit quality depends on an auditor's independence; thus, audit quality cannot be measured using the fees given. However, this finding is not in line with the results of Permatasari and Christina's (2018) research, which states that audit fees affect audit quality.

H2 indicates that the auditor rotation variable has a significant effect on audit quality. Thus, if the company rotates its auditors, it will affect the company's audit quality. Researchers suspect that the change of auditors can reduce attachment between clients and auditors. Doing so can maintain the auditor's independence and objectivity in auditing the company's financial statements, which eventually increases the audit quality. Government Regulation (PP) Number 20/2015 concerning "Practice of Public Accountants" article 11 paragraph (1) explains that the audit services provision limit to an entity by an auditor is by maximum of 5 (five) consecutive financial years (www.jdih.kemenkeu.go.id). Therefore, enacting regulations requiring an auditor to undergo rotation can prevent an auditor from having a close relationship with his client.

Agency theory in this study can address agency problems, namely a long engagement period between the auditor and the client company that may create emotional closeness. This condition will impact the auditor's independence, resulting in financial statements that do not reflect the actual situation. Consequently, the quality of the audit of the financial statements will be of low quality. Therefore, the auditor rotation policy issued by the government is preferable to help companies reduce agency costs and have a good impact on the resulting financial statements. The results of this study support research conducted by Permatasari and Christina (2018), which states that auditor rotation has a significant positive effect on audit quality because mandatory auditor turnover can affect audit quality. This finding is not in line with research Ishak et al., (2015) which states that auditor rotation does not affect audit quality.

H3 reveals that the KAP reputation variable does not affect audit quality, meaning that companies using the services of Big Four KAPs do not necessarily produce better audit quality than KAPs of non-Big Four. Researchers suspect that both Big Four KAPs and non-Big Four KAPs have the same opportunities to produce qualified financial statements, as they both have the same understanding, knowledge, and experience. A qualified audit depends on the auditor in carrying out his work by following auditing standards and the applicable code of ethics.

Agency theory can address the existing agency problems; companies tend to trust more reputable auditors for their financial statements, both affiliated with the Big Four and non-Big Four. A company with reputable auditors can produce a good quality financial report and carry out its work professionally. The results of this study support research conducted by (Darya and Puspitasari, 2017), which states that KAP reputation does not affect audit quality, meaning that KAPs affiliated with the Big Four do not necessarily produce better audit quality than non-Big Four KAPs. This result is not in line with what was done by Permatasari and Christina (2018) which stated that KAP's reputation affected audit quality.

H4 depicts that the auditor's specialization variable does not affect audit quality. This finding means that the use of specialist auditors does not guarantee a qualified audit quality. The researcher suspects that audit quality is no different between specialist auditors and non-specialists as the auditor rotation regulation allows each KAP to audit various companies with different industries. Concerning agency theory that proposes human's tendency to avoid risks; therefore, companies prefer to use specialist auditors who are considered to have better knowledge of audit risk and business risk. However, the results of the study indicate that specialist auditors do not affect audit quality. Consequently, specialist and non-specialist auditors do not generate significant differences, both of whom have the knowledge,

experience, and ability to detect any fraud and irregularities in the company's financial statements; thus, they can generate good audit quality. Audit quality does not depend on the specialty of an auditor but rather on how the auditor works. These results support the research conducted by Nizar (2017), stating that auditor specialization does not affect audit quality as all auditors have fair experience in disclosing company conditions to provide quality audit results. This result is not in line with what is done by (Ishak et al., 2015), which states that auditor specialization positively affects audit quality.

4. CONCLUSION

This study was conducted to test and analyze audit fees, auditor rotation, KAP reputation, and auditor specialization on audit quality in consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2017-2019 by using the empiricism method. The sample selection employed a purposive sampling technique, resulting in 26 companies were obtained for 3 (three) years; thus, the data for this study were 78 samples. However, after managing the data, seven extreme data must be removed from the research sample. Consequently, the remaining total sample is 71. This study applies agency theory to overcome the information asymmetry between the parties who enter into a contractual relationship, namely the shareholders and the agent, because these parties have different goals.

The ability of the independent variable in explaining the variation of the dependent variable is by 25.8%, and the external factors excluded in this study explain the remaining 74.2%. Data analysis proves that the audit fee has no significant effect on audit quality; therefore, H1 is rejected. This finding means that the audit fee received by the KAP does not affect the final results of the financial statement as the audit quality depends on the auditor's independence. Meanwhile, auditor rotation has a positive effect on audit quality; therefore, H2 is accepted. By that, the change of auditors can reduce the attachment between the client and the auditor, which eventually will improve the audit quality.

KAP reputation has no significant effect on audit quality, which means that H3 is rejected. This finding indicates that affiliation with the Big Four does not ensure that the KAP produces better audit results than those who do not. A qualified audit depends on the auditor in complying with auditing standards and the applicable code of ethics. Finally, auditor specialization does not affect audit quality; thus, H4 is rejected. This finding indicates there is no difference between the specialist auditors and non-specialists as both have the knowledge, experience, and can detect any fraud and irregularities in the financial statements, and can produce qualified audits. Further researchers suggest expanding the research object

to all remaining sectors listed on the Indonesia Stock Exchange (IDX). Thus, the future study is expected to generalize the results of research and add independent variables such as workload, as a previous study proposed that the greater the workload will increase the auditor's performance so that it affects audit quality (Wismardany, 2018). Another suggestion is to increase auditors' professional skepticism; thus, auditor constantly questions and evaluates audit evidence critically to generate a qualified audit result (Alfiati, 2017).

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