

ABSTRACT

The purpose of this paper is to examine the influence of auditor tenure, auditor rotation, and audit firm size on audit quality as measured by the level of discretionary accrual on the manufacturing companies listed on the Indonesia Stock Exchange in 2012 until 2014. Auditor tenure, auditor rotation, and audit firm size as the independent variables and the quality audit that proxied by discretionary accrual as the dependent variable.

This study used data of 266 manufacturing companies listed in Indonesia Stock Exchange from 2012 until 2014. Data from this study were obtained from financial data of manufacturing firms which drawn from Bloomberg Faculty of Economics and Business Diponegoro University. Determination of the sample using purposive sampling method. Type of data are secondary data in the form of financial statement as the media manufacturing companies. Data analysis tool is multiple linear regression model.

The results of this study indicate that auditor tenure and auditor rotation have no significant impact on audit quality as measured by the level of discretionary accrual. Meanwhile audit firm size has significant impact on audit quality as measured by the level of discretionary accrual.

Keywords: Auditor Tenure, Auditor Rotation, Audit Firm Size, Audit Quality