

ABSTRACT

This study aims to analyze and provide empirical evidence of the influence of audit tenure, industry specialization of audit firm, firm size to audit quality. Audit quality is measured by earnings surprise benchmark. This approach was adopted by Rossieta and Wibowo from one of Carey and Simnett audit quality analysis models. Hypothesis (1) Audit tenure positively affect to the audit quality, (2) Specialization of audit firm positively affect to the audit quality, (3) Firm Size positively affect to the audit quality.

The research used 273 manufacturing companies listed on Bursa Efek Indonesia (BEI) from 2010 – 2012. Determination of the sample using purposive sampling method. Data from this study were obtained from financial statements of manufacturing firms drawn from the Indonesia Stock Exchange and Indonesian Capital Market Directory. To analyze the effect of independent variable on the dependent variable, data were analyzed by logistic regression analysis.

The result shows that audit tenure and industry specialization of audit firm have positive and significant effect to the audit quality, and firm size doesn't has significant effect to the audit quality.

Keywords: Audit tenure, Specialization of Audit Firm, Firm Size, Audit Quality, Earnings Surprise Benchmark.