
THE EFFECT OF TENURE AUDIT, KAP AND AUDIT COMMITTEE REPUTATION ON AUDIT QUALITY

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ABSTRACT

The purpose of this study is to find out whether there is an influence of audit tenure variables, the reputation of KAP and the audit committee on audit quality (a study on transportation and logistics companies in 2021-2023 listed on the Indonesia Stock Exchange). This type of research is quantitative, using secondary data and the total population of 95 transportation and logistics companies during 2021-2023. The sampling technique in this study is purposive sampling using the criteria of transportation and logistics companies that are registered continuously during 2021-2023 and companies that have reported audit finances during 2021-2023, the number of samples in this study is 75 companies. The analysis data used by SPSS software version 26. The results in this study stated that the audit tenure variable had a positive and significant effect on audit quality, the KAP reputation variable had a positive and significant effect on audit quality, the audit committee had no effect on audit quality and the audit tenure variable, the reputation of KAP and the audit committee had a simultaneous effect on audit quality. The benefits in this study can be used as information for future researchers in the development of research in the field of audit quality.

KEYWORDS Audit tenure, reputation of KAP, audit quality, audit committee.



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INTRODUCTION

On April 25, 2019, Garuda's annual financial statements were declared flawed after the fact that Garuda Indonesia recognized revenue related to the cooperation with PT Mahata Aero Teknologi for the payments that Garuda would receive after the signing of the agreement, so that it had an impact on Garuda's Income Statement. (<https://pppk.kemenkeu.go.id/>) and Yulaeli (2022).

Therefore, there was a refusal of signatures by the commissioner. The Ministry of Finance through the Center for Financial Professional Development then conducted an audit of Public Accountants Kasner Sirumapea and KAP Tanubrata, Sutanto, Fahmi, Bambang & Rekan (members of the international audit organization BDO) who audited the Financial Statements of PT Garuda Indonesia Tbk for the financial year 2018. The Ministry of Finance found that there had been a violation of the Audit Standards (SA) – Professional Standards for Public Accountants (SPAP) SA 315, SA 500, and SA 560 committed by Auditors from KAP which affected the opinion of the Independent Auditor's Report (LAI). (<https://pppk.kemenkeu.go.id/>). Therefore, it is very important in choosing public accountant services in carrying out financial audits, because of the importance of audit quality that has an influence on interested parties or the community.

There are several factors that affect the quality of the audit, one of which is the tenure audit, which is the length of the relationship between the partner of the KAP and the client. A long audit tenure can improve audit competence. Auditing partners can base their audit knowledge on extensive client knowledge, which has evolved over time. On the other hand, long tenure can damage the independence of auditors. This is also supported by the research of Widyastuti et al. (2022) which stated that the tenure audit variable has an effect on audit quality. This is different from the results carried out by Bambang et al. (2022) who stated that tenure audits have no effect on audit quality. In addition, the factor that affects the quality of the audit, namely the reputation of the KAP, is the view or opinion on the public trust, achievements and good name owned by the public accounting firm Heri (2017:40) this is supported by the research of Hadiwibowo and Winda (2023) which states that the KAP Reputation variable affects the quality of the audit. This is different from the research conducted by Putro (2021) which stated that the KAP reputation variable has no effect on audit quality.

The variables of the audit committee are also one of the factors that have an influence on the quality of the audit, the audit committee is part of the company's board of commissioners who has the responsibility to maintain the auditor by maintaining the independence of management intervention. This is supported by the research of Pasali and Arief (2023) which states that the variables of the Audit committee affect the quality of the audit. This is different from the research conducted by Widyastuti (2022) which stated that the variables of the Audit committee have no effect on audit quality. The study aims to find out whether there is an influence of audit tenure variables, the reputation of KAP and the audit committee on audit quality (a study on transportation and logistics companies in 2021-2023 listed on the Indonesia Stock Exchange).

RESEARCH METHOD

The type of approach in this study is a quantitative approach. According to Sugiyono (2020:16) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative/statistical data analysis, with the aim of testing hypotheses that have been determined.

Operational Scale, according to Sugiyono (2018:38), is an attribute or nature or value of an object or activity that has a certain variation that has been determined by the researcher to be studied and then drawn conclusions. Based on the literature review and research hypothesis, the operational scale in this study consists of independent variables, namely audit tenure (X1), KAP reputation (X2) and audit committee (X3) against the dependent variable (fixed) audit quality (Y) as follows:

Table 1. Operational Scale

Variable	Size	Scale	Source
Audit tenure (X1)	Gives a value of 1 if it is more than or equal to 3 years and 0 if it is less than 3 years	Nomina 1	Syafira (2021)
KAP Reputation (X2)	Gives a value of 1 if the company is in audited by KAP <i>Big Four</i> , Score 2 <i>Big Ten</i> audit and 0 if <i>Non Big Four</i>	Nomina 1	Syafira (2021)
Audit committee (X3)	Number of Audit Committees company	Nomina 1	Pamungkas, Purnamasari and Widyastuti (2022)
Audit quality (Y)	Gives a value of 1 if the company is in audits by <i>Big Four</i> KAP and 0 if <i>Non Big Four</i>	Nomina 1	Wardani, Bambang and Waskito (2022)

Source : Processed products by researchers (2024)

The population in this study consists of companies engaged in transportation and logistics listed on the Indonesia Stock Exchange (IDX) in 2021-2023, with a total of 95 companies. The sample was taken using a purposive sampling technique, which resulted in 75 companies that met certain criteria, namely being registered continuously during 2021-2023 and having reported audited financial statements in that period. According to Sugiyono (2022:80), population is a generalization area consisting of objects or subjects with certain qualities and characteristics that researchers determine to be studied and concluded. In data analysis, descriptive statistical analysis and logistic regression were used with the help of the SPSS version 26 program. Descriptive analysis is used to obtain minimum, maximum, average, and standard deviation values from the data. Logistic regression was chosen because the dependent variable is dummy, so it does not require normal

distributions, normality tests, heteroscedasticity tests, or other classical assumption tests. According to Ghozali (2018:325), logistic regression tests whether independent variables can predict the probability of dependent variables. Testing in logistic regression includes four main stages, namely assessing the overall model (Overall Model Fit), testing the feasibility of the regression model (Goodness of Fit Test), calculating the determination coefficient (Nagelkerke's R Square), and compiling a classification matrix to measure the accuracy of the model's predictions (Ghozali, 2018:332-334).

RESULT AND DISCUSSION

Table 2. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Audit Tenure	75	0	1	.44	.500
Reputasi KAP	75	0	2	.68	.841
Komite Audit	75	1	6	3.17	.685
Kualitas Audit	75	0	1	.41	.496
Valid N (listwise)	75				

Source: SPSS 2024 data processing results

In the descriptive statistical table, the number of data for this study is 74 data. Tenure audits get a minimum value of 0 and a maximum of 1. This means that the shortest length of the engagement between KAP and the company is 1 year and the longest is 3 years. The KAP Reputation variable has a minimum value of 0 and a maximum of 2. Which means that in this case the company is examined by a non-big four 0 audit, and most audited by the big ten (2), the audit committee variable gets a minimum value of 1 and a maximum of 6. Which means. There are companies whose audit committee is only 1 person and the most audit committee members are 6 people. And for the audit quality variable, it gets a minimum value of 0 and a maximum of 1. Which means that the companies in this study are audited by non-big four (0) and big four (1).

Tabel 3. Hosmer and Lemeshow Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	1.699	4	.791

Source: SPSS 2024 data processing results

Table 3 can be concluded with a significant value of 0.791 which means that it exceeds the p-value ($\alpha = 0.05$), so H_0 is accepted (model fit) which means that the regression model in this study is suitable for further analysis because there is no real

difference between the predicted classification and the observed classification or the significance value > 0.05 .

Table 4. Classification Matrix Test

Classification Table^a

Observed		Predicted		Percentage Correct
		Kualitas Audit		
Step 1	Kualitas Audit	Diaudit bukan Big Four	Diaudit Big Four	
	Diaudit bukan Big Four	38	6	86.4
	Diaudit Big Four	16	15	48.4
	Overall Percentage			70.7

a. The cut value is .500

Source: SPSS 2024 data processing results

The classification matrix test table in table 4 above explains the prediction accuracy of 70.7%. The prediction is close to 100% and can be said to be good. The number of samples used was 75 samples. The sample audited by non-big *four* is $38 + 6 = 44$. A total of 38 samples were predicted correctly and 6 samples were not. 31 companies were audited by *BigFour*, 16 were correctly predicted and 15 samples were not.

Table 5. Fit Model 0 Assessment Test

Iteration History^{a,b,c}

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	101.708	-.347
	2	101.707	-.350
	3	101.707	-.350

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 101.707

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Source: SPSS 2024 data processing results

Table 6. Model Fit Model Assessment Test Model 1

Iteration History^{a,b,c,d}

Iteration		-2 Log likelihood	Constant	Coefficients		
				Audit Tenure	Reputasi KAP	Komite Audit
Step 1	1	83.187	-1.147	-1.624	.512	.368
	2	82.500	-1.523	-1.970	.633	.476
	3	82.493	-1.570	-2.011	.646	.490
	4	82.493	-1.570	-2.012	.646	.490

Source: SPSS 2024 data processing results

Based on the table above, it can be concluded that the iteration block number 0 shows a likelihood number of 101,707. In addition, after the three independent variables were included, the -2 likelihood value decreased by 82,493. This decrease in likelihood value shows that the regression model is better or in other words, the data model in this study is fit.

Table 7. Coefficient of Determination Test

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	82.493 ^a	.226	.304

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

Source: SPSS 2024 data processing results

In table 7, the results of the determination coefficient test with a Nagelkerke R Square value of 0.304 or 30% mean that independent variables can affect audit quality variables as variables and the rest are influenced by variables outside the model, namely 70%.

Table 8. Test F

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	19.215	3	.000
	Block	19.215	3	.000
	Model	19.215	3	.000

Source: SPSS 2024 data processing results

In table 8 of the F test results, it can be seen that the Sig value of 0.000 < 0.05 has a conclusion that the audit tenure variables, the reputation of the KAP and the audit committee have a simultaneous influence on the audit quality.

Table 9. Hypothesis Testing

Variables in the Equation						
		B	S.E.	Wald	df	Sig.
Step 1 ^a	Audit Tenure	-2.012	.591	11.594	1	.001
	Reputasi KAP	.646	.322	4.021	1	.045
	Komite Audit	.490	.433	1.279	1	.258
	Constant	-1.570	1.377	1.301	1	.254

a. Variable(s) entered on step 1: Audit Tenure, Reputasi KAP, Komite Audit.

Source: SPSS 2024 data processing results

1. The tenure audit shows a sig value of $0.01 < 0.5$, meaning that H_0 is rejected and H_1 is accepted, indicating that the tenure audit variable has a positive and significant effect on the quality of the company's audit, this shows that the company should not be audited for 3 consecutive years by the same KAP party, for fear of causing fraud in the auditor's audit process, This can also affect the quality of the company's audit. This result is in accordance with previous research conducted by Widyastuti et al. (2022) which stated that the tenure audit variable has an effect on audit quality.
2. KAP Reputation shows a sig value of $0.45 < 0.5$, meaning that H_0 is rejected and H_1 is accepted, indicating that the KAP Reputation variable has a positive and significant effect on the quality of the company's audit. This shows that the reputation of KAP is one of the factors for companies in choosing the services of a public accounting firm (KAP) where the company must choose a KAP that has good audit quality, in this study *the big four* or *big ten* where they have high-quality experts (auditors) with high resources, and have good affiliations, This will affect the quality of the company's audit. This result is in accordance with previous research conducted by Hadiwibowo and Winda (2023) which stated that the KAP Reputation variable has an effect on audit quality.
3. The audit committee shows a sig value of $0.258 > 0.5$, meaning that H_0 is accepted and H_1 is rejected, indicating that the audit committee variables have no effect on the quality of the company's audit, this is because the audit committee is only to comply with the regulations given by the Financial Services Authority (OJK) to the company. This result is in accordance with previous research conducted by Widyastuti (2022) which stated that the variables of the Audit committee had no effect on the quality of the audit.

CONCLUSION

The conclusion of this study shows that KAP tenure and reputation audits have a positive and significant influence on audit quality in transportation and logistics companies listed on the Indonesia Stock Exchange in 2021–2023, while the audit committee has no significant effect. Together, audit tenure, KAP reputation, and audit committee have a positive and significant effect on audit quality. Based on these findings, it is recommended that companies evaluate the audit quality of KAP services by comparing them with previous KAP to ensure good audit quality. Further research is expected to consider other variables that affect audit quality, such as the previous year's audit opinion or auditor's specialization, in order to expand the scope of the research. This study has limitations, namely that the research object only includes transportation and logistics companies listed on the Indonesia Stock Exchange in 2021–2023, and the research variables only include audit tenure, KAP reputation, and audit committee, so other variables that have the potential to affect audit quality are not tested.

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