



## The Influence of KAP Size, Audit Fee and Audit Tenure on Audit Quality through Audit Rotation as an Intervening Variable (Case Study: Manufacturing Companies in the Multiple Industrial Sector Listed on the Indonesia Stock Exchange)

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### **Abstract**

This study aims to examine and analyze audit quality in industrial industrial sector manufacturing companies listed on the Indonesia Stock Exchange. The variables tested include KAP Size, Audit Fee, Audit Tenure and Audit Rotation as intervening variables. This research involves manufacturing companies in various industrial sectors that are listed on the Indonesia Stock Exchange during the 2017-2021 period. The sample selection was carried out using purposive sampling method. The data used is external data, obtained through [www.idx.co.id](http://www.idx.co.id). The data analysis process was carried out by calculating the PLS Algorithm using SmartPLS and then testing the hypothesis. The results of the study show that Audit Fees, Audit Tenure have an effect on Audit Quality, KAP Size and Audit Fees have an effect on Audit Rotation. KAP size has no effect on audit quality. Audit Tenure has no effect on Audit Rotation. Audit Rotation has no effect on Audit Quality. Audit Rotation is not able to mediate the effect of KAP Size, Audit Fee and Audit Tenure on Audit Quality.

**Keywords:** *KAP Size; Audit Fee; Audit Tenure; Audit Rotation; Audit Quality*

### **Introduction**

Along with the development of the times, all entities or organizations are required to prepare financial reports because financial reports are an information window for parties outside management to find out the condition of the company at a reporting period. Furthermore, financial statements are records of financial information that describe the company's performance in an accounting period which aims to provide information about the company's financial position, performance and cash flows that are useful for most users of financial statements in order to make economic decisions and show accountability. management over the use of the resources entrusted to them (Nugroho Lucky, 2018).

At the present time, public accounting services have developed rapidly. Professional services of public accountants or external auditors are considered to be independent third parties to prevent conflicts of interest between management and shareholders. According to Mulyadi (2016), someone who works as an auditor is a person with high integrity and good quality. One of the services offered by public accountants or external auditors which aims to evaluate and assess the financial statements produced by management in accordance with applicable standards. After auditing the financial reports produced by management, an auditor must prepare an audit report to account for the opinions expressed in the audit report.

Financial reports and audits have a close relationship because the audit functions to provide an independent opinion on financial reports, whether the financial statements of an entity or organization present reasonable operating results and whether the financial information is presented in a form that complies with established criteria or rules. thereby ensuring the accountability and integrity of financial reports. Audit quality will affect the audit report issued by the auditor, therefore audit quality is important and primary to ensure the accuracy of examining financial statements (Nugroho Lucky, 2018).

Many aspects can affect the audit quality of an auditor such as KAP size, audit fee, audit tenure and audit rotation. The Public Accounting Firm (KAP) is a business entity that has obtained a permit from the Minister as a forum for Public Accountants to provide their services. According to the Law of the Republic of Indonesia No. 5 of 2011, the Public Accounting Firm, hereinafter abbreviated as KAP, is a business entity established under the provisions of laws and regulations and obtains a business license based on this Law. The Government of the Republic of Indonesia through Regulation of the Minister of Finance Number 17/PMK.01/2008 recognizes IAPI as a professional organization of public accountants authorized to carry out public accountant certification exams, prepare and issue professional and ethical standards for public accountants, and organize continuing education programs for all public accountants in Indonesia. In a study conducted by Choi et al. (2010), audit quality is influenced by the size factor of the Audit Office, explaining that small audit firms are more concerned with the client's economic ability than the risk of audit failure. In addition, small audit firms tend to compromise on audit quality because they depend on the client's economy, which impacts on their independence. Compared to smaller audit firms, the loss of reputation due to audit failures has a greater impact on large audit firms. In addition, large audit firms have a smaller degree of economic dependence than small audit firms, so large audit firms are less dependent on certain clients. In addition, large audit firms are less responsive to pressure put on clients to expedite their financial reporting compared to small audit firms and tend not to compromise on audit quality, so large audit firms are able to provide better audit quality than smaller audit firms.

Audit fees are a form of service compensation provided by a company (auditee) to an auditor for the provision of public accounting services in accordance with his work contract. Excessive audit fees can affect the independence of an auditor (Rizki, et al. 2018). The results of previous research conducted by Abdul, et al. (2006) stated that the variables of corporate governance characteristics, audit and non-audit fees, with the type of audit opinion in Malaysia, found evidence that audit fees can significantly affect audit quality results.

Audit tenure is a period of engagement with a Public Accounting Firm (KAP) and clients related to audit services that have been agreed as a period of relationship between the auditor and the client (Sarwoko, 2014). The results of previous research conducted by Permana (2014) state that audit tenure that has been regulated by the minister of finance proves that the longer the tenure granted will interfere with the auditor's ability to maintain an attitude of independence in carrying out his audit duties.

Audit rotation is the number of consecutive financial years reporting the results of audited financial statements that have been audited by KAP. This audit rotation is carried out to maintain a

relationship between the KAP and the audited company or client (Sarwoko, 2014). The results of previous research conducted by Kwon, et al (2010) state that mandatory rotation has an effect on audit hours, and audit fees increase, and audit quality which has been measured using discretionary accruals slightly decreases. In this case, forcing the firm on mandatory rotation with an auditor-client relationship would have an unintended cost effect.

Many cases that befell auditors in Indonesia are one of the issues that arise and reduce an entity's trust in the services of an accountant. Due to the many issues that arise, the researcher aims to continue previous research with the title "The Effect of KAP Size, Audit Fees, Audit Tenure on Audit Quality with Audit Rotation as an Intervening Variable (Empirical Studies in Manufacturing Companies Listed on the IDX)".

The hypotheses of this study are:

1. H1: KAP size affects audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period.
2. H2: Audit Fees affect Audit Quality in Manufacturing Companies in the Various Industries sector which are listed on the Indonesia Stock Exchange for the 2017-2021 period.
3. H3: Tenure audits affect audit quality in Manufacturing Companies in the Various Industries sector which are listed on the Indonesia Stock Exchange for the 2017-2021 period.
4. H4: KAP size affects KAP rotation in Manufacturing Companies in the Various Industries sector listed on the Indonesia Stock Exchange for the 2017-2021 period.
5. H5: Audit Fees affect Audit Rotation in Manufacturing Companies in the Various Industries sector listed on the Indonesia Stock Exchange for the 2017-2021 period.
6. H6: Tenure Audit has a positive effect on Audit Rotation in Manufacturing Companies in the Industrial sector listed on the Indonesia Stock Exchange for the 2017-2021 period.
7. H7: Audit Rotation affects Audit Quality in Manufacturing Companies in the Industrial sector listed on the Indonesia Stock Exchange for the 2017-2021 period.
8. H8: KAP size affects audit quality through audit rotation in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period.
9. H9: Audit Fees affect Audit Quality through Audit Rotation in Manufacturing Companies in the Various Industries sector which are listed on the Indonesia Stock Exchange for the 2017-2021 period.
10. H10: Tenure Audits affect Audit Quality through Audit Rotation in Manufacturing Companies in the Various Industries sector which are listed on the Indonesia Stock Exchange for the 2017-2021 period.

### **Method**

The sampling technique in this study used purposive sampling method. According to Sugiyono (2012), purposive sampling is a sampling technique of data sources with certain considerations. The sampling criteria in this study are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange during 2017-2021.

2. Manufacturing companies that provide complete information during 2017-2021.
3. Manufacturing companies during the 2017-2021 research period did not experience delisting from the Indonesia Stock Exchange.
4. Manufacturing company data in the form of financial statements that have been audited by independent auditors.

Based on the sample selection criteria above, the research sample of manufacturing companies in various industrial sub-sectors with the scope of data studied for 5 years becomes 200. Purposive sampling is part of non-probability sampling where the sample studied can be generalized to companies that meet the criteria. which has been set.

Population Sugiyono (2012) defines population as a generalization area consisting of objects and subjects that have certain qualities and characteristics determined by researchers to study and then draw conclusions. The population in this study is of manufacturing companies in various industrial sub-sectors listed on the Indonesia Stock Exchange for the 2017-2021 period, with a total of 61 companies.

No	Information	Amount
Total population of manufacturing companies in various industrial sub-sectors		<b>61</b>
1.	Manufacturing companies in various industrial sectors with incomplete data during the observation period	<b>(18)</b>
2.	Manufacturing Companies in the Miscellaneous Industry sector that experienced delisting during the observation period	<b>(2)</b>
3.	Manufacturing companies in various industrial sectors with unaudited data during the observation period	<b>(1)</b>
Number of Manufacturing companies in various industrial		<b>40</b>
Number of samples x 5 years		<b>200</b>

According to Sugiyono (2012) that in general the research method is defined as a scientific way to obtain data with specific purposes and uses. The approach used by researchers is a quantitative approach. According to Sugiyono (2012) that quantitative research methods can be interpreted as research methods used to examine certain populations or samples, data collection techniques use research instruments, data analysis is quantitative/statistical in nature with the aim of testing established hypotheses.

The type of research conducted by researchers is quantitative descriptive research. This research is research that aims to explain existing phenomena by using numbers to describe individual or group characteristics (Syamsudin, 2011)

Hypothesis testing is done by statistical t test (t-test). if the p-value obtained for this test is  $<0.05$  ( $\alpha = 5\%$ ), which means the test is significant. And vice versa, if the p-value is  $> 0.05$  ( $\alpha = 5\%$ ), then it is not significant. When the results of hypothesis testing for the external model are significant, indicating that the metric is seen as a tool for measuring latent variables. At the same time, if the test results of the internal model are significant, it can be interpreted as having a significant influence on one latent variable to another latent variable.

In this study, the structural model analyzed meets the reflective model with all indicators of three exogenous variables namely: KAP Size (X1), Audit Fee (X2) and Audit Tenure (X3). The formative construct assumes that indicators affect the construct/latent variable (the direction of the causal relationship from the indicator to the construct). In this study, the structural model produced meets the formative model with all indicators of endogenous variables namely: Audit Quality (Y).

The PLS evaluation model based on further explanation is on prediction measurements that have non-parametric properties. Therefore, the PLS evaluation model is carried out by assessing the outer model and inner model. In assessing the structural model with structural PLS it can be seen from the R-Squares value for each endogenous latent variable as the predictive power of the structural model. The R-Squares value is a goodness fit model test. Changes in the value of R-Squares are used to explain the effect of certain exogenous latent variables on endogenous latent variables, whether they have a substantive effect. R-Squares value 0.67; 0.33; and 0.19 for endogenous latent variables in structural models showing strong, moderate and weak models (Chin, 1998 in Ghazali, 2011). The results of the PLS R-Squares represent the number of variants of the construct described by the model.

Furthermore, model evaluation is carried out by looking at the significance value to determine the effect between variables through bootstrapping or jackknifing procedures. The bootstrap approach represents the non-parametric precision of the PLS estimate. The bootstrap procedure uses the entire original sample for resampling. Hair et al. (2011) and Henseler et al. (2009). d 1,000 is enough to correct the PLS standard error estimate. Besides bootstrap, another well-known alternative model of resampling is jackknifing which was developed by Jack Knife around the 1990s. This method uses a sub sample from the original sample to perform repeated resampling. The jackknifing method is less efficient than the bootstrap method because it ignores confidence intervals (Efron et al., 2004 in Ghazali, 2011). Therefore, the jackknifing method is less used in PLS SEM than the bootstrap method.

## Results and Discussion

### Data Analysis Results

#### A. Evaluation of the Measurement Model (Outer Model)

Name	R-Square	R,Square Adjusted
Audit Rotation (Z)	0.111	0.037
Audit Quality (Y)	0.782	0.757

Source: Secondary data processing, 2023

The R-Square value of the Adjusted Audit Quality variable is 0.757. This shows that X1(KAP Size), X2(Audit Fees), X3(Audit Tenure) and Z(Audit Rotation) can explain Y(Audit Quality) by 75.7% and the remaining 24.3% is explained by other variables outside this study..

Adjusted R-Square Value of Audit Rotation variable 0.037. This shows that X1(KAP Size), X2(Audit Fees) and X3(Audit Tenure) can explain Z(Audit Rotation) by 3.7% and the remaining 96.3% is explained by other variables outside this study.

#### B. Hypothesis Test Results

	Original sample (O)	T statistics	P values
X1(KAP Size) -> Y(Audit Quality)	0.057	0.640	0.522
X1(KAP Size) -> Z(Audit Rotation)	-0.318	2.211	0.027
X2(Audit Fees) -> Y(Audit Quality)	-0.269	2.382	0.017
X2(Audit Fees) -> Z(Audit Rotation)	0.377	2.356	0.018
X3(Audit Tenure) -> Y(Audit Quality)	-0.813	12.243	0.000
X3(Audit Tenure) -> Z(Audit Rotation)	0.045	0.320	0.749
Z(Audit Rotation) -> Y(Audit Quality)	0.104	1.038	0.299

Source: Processed data, 2023

It can be seen that the effect of KAP size on audit rotation has P-values  $< 0.05$ , T-statistics  $> 1.96$  and original sample (O)  $< 0$ , which means it influences the direction of a positive relationship and the influence of audit tenure on audit rotation has a P value.  $< 0.05$ , T-statistic  $> 1.96$  and  $-$ original sample (O)  $< 0$  which means it has an effect on the direction of a positive relationship. While KAP measures on audit quality, audit fees on audit quality, audit fees on audit rotation, tenure audit on audit rotation and audit rotation on audit quality have P-Value  $> 0.05$  and T-statistic  $< 1.96$  which means no effect. Table of Total Indirect Effects

	<i>Original sample (O)</i>	<i>T statistics ( O/STDEV )</i>	<i>P values</i>
X1(KS) $\rightarrow$ Z(AR) $\rightarrow$ Y(AQ)	-0.033	0.828	0.408
X2(AF) $\rightarrow$ Z(AR) $\rightarrow$ Y(AQ)	0.039	0.907	0.364
X3(AT) $\rightarrow$ Z(AR) $\rightarrow$ Y(AQ)	0.005	0.220	0.826

Source: Processed data, 2022

It can be seen that the effect of KAP size on audit quality through audit rotation, the effect of audit fees on audit quality through audit rotation and the influence of tenure audit on audit quality through audit rotation has a P-Value  $> 0.05$  and T-Statistic  $< 1.96$ , which means Audit Rotation cannot interfere with the influence of KAP Size on Audit Quality, the effect of Audit Fees on Audit Quality and cannot interfere with the effect of Audit Tenure on Audit Quality.

### Hypothesis testing:

#### 1. H1 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between KAP Size and Audit Quality have a parameter coefficient value of 0.057 with a significant T-Statistic value of 0.640  $< 1.96$  and a P-Value of 0.522  $> 0.05$ . This shows that KAP size has no effect on audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The first hypothesis is rejected.

#### 2. H2 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between Audit Fee and Audit Quality have a parameter coefficient value of -0.269 with a significance T-Statistic value of 2.382  $> 1.96$  and a P-Value of 0.017  $< 0.05$ . This shows that Audit Fees have an effect on Audit Quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The second hypothesis is accepted.

#### 3. H3 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between Audit Tenure and Audit Quality have a parameter coefficient value of -0.813 with a T-Statistic significance of 12.243  $> 1.96$  and a P-Value of 0.00  $< 0.05$ . This shows that the Tenure Audit has an effect on Audit Quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The third hypothesis is accepted.

#### 4. H4 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between KAP Size and Audit Rotation have a parameter coefficient value of -0.318 with a T-Statistic significance of 2.211  $> 1.96$  and a P-Value of 0.027  $< 0.05$ . This shows that KAP size has an effect on audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The fourth hypothesis is accepted.

#### 5. H5 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the path coefficient test results between Audit Fee and Audit Rotation have a parameter coefficient value of 0.377 with a T-Statistic significance of  $2.356 > 1.96$  and a P-Value of  $0.018 < 0.05$ . This shows that Audit Fees have an effect on Audit Quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The fifth hypothesis is accepted.

#### 6. H6 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between Audit Tenure and Audit Rotation have a parameter coefficient value of -0.092 with a significant T-Statistic value of  $0.591 < 1.96$  and a P-Value of  $0.554 > 0.05$ . This shows that the Tenure Audit has no effect on Audit Rotation in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The sixth hypothesis is rejected.

#### 7. H7 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the coefficient test between Audit Rotation and Audit Quality have a parameter coefficient value of 0.014 with a significant T-Statistic value of  $0.110 < 1.96$  and P-Value  $0.912 > 0.05$ . This shows that Audit Rotation has no effect on Audit Quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The seventh hypothesis is rejected.

#### 8. H8 . Hypothesis Testing

Based on the results of the analysis above, it can be seen that the results of the path coefficient test between KAP size and Audit Quality through Audit Rotation have a parameter coefficient value of -0.005 with a significance T-Statistic value of  $0.106 < 1.96$  and a P-Value value of  $0.916 > 0.05$ . This shows that KAP size has no effect on audit quality through audit rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The eighth hypothesis is rejected.

#### 9. H9 . Hypothesis Testing

Based on the results of the analysis in table 4.5 above, it can be seen that the results of the path coefficient test between Audit Fee and Audit Quality through Audit Rotation have a parameter coefficient value of 0.000 with a T-Statistic value of  $0.020 < 1.96$  and a P-Value of  $0.984 > 0.05$ . This shows that the Audit Fee has no effect on Audit Quality through Audit Rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The ninth hypothesis is rejected.

#### 10. H10 . Hypothesis Testing

Based on the results of the analysis in table 4.5 above, it can be seen that the results of the path coefficient test between tenure audits and audit quality through audit rotation have a parameter coefficient value of -0.001 with a T-Statistic value of  $0.053 < 1.96$  and a P-Value of  $0.958 > 0.05$ . This shows that tenure audits have no effect on audit quality through audit rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The tenth hypothesis is rejected

## ***Discussion of Research Results***

### **❖ Effect of KAP Size on Audit Quality**

The results of the study show that KAP size has no effect on audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. The size of the KAP size has no impact on the quality of the resulting audit results. This happens because KAPs that are not affiliated with the big four make efforts to improve the performance of their auditors so that they can produce quality audits as well. The results of this study support research conducted by Rifai (2019) which states that KAP size has no effect on audit quality. However, the results of this study do not support research conducted by Millenia Paramitha (2021) which states that KAP size affects audit quality. This difference in results is due to different periods of analysis, where in Rifai's research (2019) examined the 2016-2018 period, Millenia Paramitha (2021) examined the 2017-2019 period, while this study used data from the 2017-2021 period.

### **❖ Effect of Audit Fee on Audit Quality**

The results of the study show that audit fees have an effect on audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that the higher the Audit Fee will affect the resulting Audit Quality results. The results of this study support research conducted by Permata Sari & Astuti (2018) which states that audit fees affect audit quality. However, the results of this study are not in line with Felisia (2020) which states that the Audit Fee does not affect Audit Quality. The difference in the results of this study was caused by a different analysis period where Permata Sari & Astuti's research (2018) examined the 2014-2016 period, Felisia's research (2020) examined the 2016-2018 period while this study used data for the 2017-2021 period. The results of this study are not supported by research conducted by Susila, G, PAJ (2020) which states that cash turnover has an effect on profitability. The difference in the results of this study is caused by a different analysis period, in which Susila, G, PAJ's research (2020) examines the variables of the influence of Cash Turnover on Profitability from the 2016-2018 period, while in this study the 2017-2019 period and this study uses Cash Turnover variable on Capital Structure. Then the differences in the companies studied, where Susila, G, PAJ (2020) researched the Village Credit Institution (LPD), but in this study the researchers used the Sub-Sector of Basic and Chemical Industry Companies listed on the Indonesia Stock Exchange.

### **❖ Effect of Tenure Audit on Audit Quality**

The results of the study show that tenure audits have an effect on audit quality in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that the longer the auditor's engagement with the company, the resulting audit quality will be affected. These results support previous research conducted by Arif Zulfikar (2019) which stated that tenure audits have an effect on audit quality. However, the results of this study are not in line with research conducted by Rifai (2019) which states that audit tenure has no effect on audit quality. The difference in research results is caused by a different analysis period where in Arif Zulfikar's research (2019) examined the 2014-2018 period, Rifai (2019) examined the 2016-2018 period. Meanwhile, this study uses data for the 2017-2021 period

### **❖ Effect of KAP Size on Audit Rotation**

The results of this study indicate that KAP size affects audit rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that the larger the size of the KAP, the greater will be the Audit Rotation. The results of this study are in



accordance with the theory put forward by Millenia Paramitha (2021) which states that KAP size affects audit rotation. However, the results of this study are not in line with Rifai's research (2019) which states that KAP size has no effect on audit quality. The difference in the results of this study was caused by different periods and samples where in Millenia Paramitha's research (2021) used data for the 2017-2019 period with a sample of companies in the consumer goods industry sector, Rifai (2019) used data for the 2016-2018 period with a sample of manufacturing companies in the goods industry sector consumption. Whereas in this study using data for the 2017-2021 period with a sample of manufacturing companies in various industrial sectors.

#### ❖ **Effect of Audit Fee on Auditor Rotation**

The results of this study indicate that Audit Fees have an effect on Auditor Rotation in manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that the size of the Audit Fee affects the Audit Rotation. The results of this study are in accordance with research conducted by Kadek & Dewa (2017) which states that Audit Fees affect Audit Rotation. However, this research is not in line with the research of Karliana, Suzan & Yudowati (2017) which states that audit fees have no effect on audit rotation. The difference in the results of this study was caused by different periods and samples where in Kadek & Dewa's research (2017) used data for the 2011-2015 period, Karliana, Suzan & Yudowati (2017) used data for the 2010-2015 period, while this study used data for the 2017-2021 period.

#### ❖ **Effect of Tenure Audit on Audit Rotation**

The results of this study indicate that audit tenure has no effect on audit rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that how long the auditor's bond with an entity does not affect audit rotation. This result is due to the absence of provisions requiring auditor rotation during the engagement period between an entity and a KAP. The rotation was carried out because of an agreement between the audit committee and a KAP. The results of this research are in accordance with research conducted by Priskila (2018) which states that Audit Tenure has no effect on Audit Rotation. However, this research contradicts the results of Dayuni, Aisyah & Yoyoh's (2021) research which states that tenure audits have an effect on audit rotation. The difference in the results of this study was caused by a different period where Priskila (2018) used 2013-2017 data, Dayuni, Aisyah & Yoyoh (2021) used 2017-2019 data while in this study used 2017-2021 data.

#### ❖ **Effect of Audit Rotation on Audit Quality.**

The results of this study indicate that audit rotation has no effect on audit quality in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that Audit Rotation will not affect the resulting Audit Quality. In the results of this study, companies that rotate audits too often do not affect their audit quality. Even though the company does not rotate the audit, the level of independence of the auditor will not decrease so that the quality of the audit is maintained properly. The results of this study are in accordance with previous research conducted by Andriani and Nursiam (2017) which stated that audit rotation has no effect on audit quality. However, this research contradicts the research of Margi and Abdul (2014). The difference in the results of this study was caused by different periods where Andriani and Nursiam (2017) used 2013-2015 data, Margi and Abdul (2014) used 2008-2012 data while in this study used 2017-2021 data.

**❖ Effect of KAP Size on Audit Quality through Audit Rotation.**

The results of this study indicate that KAP size has no effect on audit quality through audit rotation in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2017-2021 period. This means that whether there is audit rotation cannot affect KAP size on audit quality. In this study, KAP size is not a factor in carrying out Audit Rotation which affects Audit Quality where KAPs that are no longer affiliated with big 4 KAPs or those affiliated with big 4 KAPs will still carry out their obligations in accordance with applicable provisions so that the resulting audit quality remains the same. The results of this study support research conducted by Levia (2019) which states that KAP size does not affect audit quality through audit rotation. However, these results are in line with the research of Apriyeni and Sri (2014) which states that KAP size affects audit quality through audit rotation. The difference in the results of this study was caused by differences in the period where Levia (2019) used data for 2014-2017, Apriyeni and Sri (2014) used data for the period 2008-2012 while the research used the period 2017-2021.

**❖ Effect of Audit Fee on Audit Quality through Audit Rotation.**

The results of this study indicate that Audit Fees have no effect on Audit Quality through Audit Rotation in various industrial manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. Audit fees are not a factor in audit rotation which affects the resulting audit quality. In this study, audit fees can be the reason for audit rotation but it will not make the resulting audit quality different because audits are carried out in accordance with existing regulations and there are no provisions that require auditor rotation during the engagement period with a KAP. The results of this study support research conducted by Levia (2019) which states that audit fees do not affect audit quality through audit rotation. However, the results of this study are not in line with Kristina's research (2021) which states that audit fees affect audit quality through audit rotation. The difference in the results of this study was caused by the difference in the period where Levia (2019) used 2014-2017 data, Kristina (2021) used data for the 2014 period while the research used the 2017-2021 period.

**❖ Effect of Tenure Audit on Audit Quality through Audit Rotation.**

The results of this study indicate that audit tenure has no effect on audit quality through audit rotation in various industrial manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. These results indicate that Audit Tenure is not a factor in the occurrence of Audit Rotation which causes Audit Quality to change. Audit quality will remain the same whether there is an Auditor Rotation or not because the Auditor carries out the audit process in accordance with applicable regulations. The results of this study support research conducted by Millenia Paramitha (2021) which states that audit tenure has no effect on audit quality through audit rotation. However, this research is not in line with the research of Siti and Nofryanti (2019) which states that Tenure Audits affect Audit Quality through Audit Rotation. The difference in the results of this study was caused by the difference in the period where Millenia Paramitha (2021) used data for 2017-2019, Siti and Nofryanti (2019) used data for the period 2013-2017 while the research used the period 2017-2021

**Conclusion**

Based on the results of the research and discussion of the results of the research that has been done, the following conclusions can be drawn (1) KAP size has no effect on audit quality in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (2) Audit fees affect audit quality in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (3) Tenure audits affect audit quality in industrial sector

manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (4) KAP size influences audit rotation in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (5) Audit Fees affect Audit Rotation in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (6) Tenure Audit has no effect on Audit Rotation in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (7) Audit Rotation has no effect on Audit Quality in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (8) KAP size has no effect on audit quality through audit rotation in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (9) Audit Fees do not affect Audit Quality through Audit Rotation in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (10) Tenure Audits do not affect Audit Quality through Audit Rotation in Industrial Sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

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