

THE EFFECT OF TENURE AND REPUTATION OF PUBLIC ACCOUNTING FIRMS FOR AUDIT QUALITY (STUDY ON COMPANY LISTED ON THE BEI)

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ABSTRACT

This study aims to examine the effect of KAP tenure and KAP reputation on the quality of audits on companies listed on the Indonesian Stock Exchange (BEI) in the year 2008-2012. KAP tenure was measured by the length of engagement and its clients, while the KAP reputation was measured by grouping by auditor of big four and non big four and audit quality was measured by current accruals.

In terms of determining the sample of companies this study uses purposive sampling method which acquired 19 companies used in the sample so that the sample in get 95. The analysis model was a multiple regression analysis.

The results of this study indicate that (1) KAP tenure significant effect on audit quality, (2) the reputation of the firm does not significantly affect the quality of the audit, (3) KAP tenure and KAP reputation collectively significant effect on audit quality.

Key words : KAP tenure, KAP reputation, audit quality.