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Audit Firm Tenure: How They Affect Audit Quality?

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Abstract

The role of auditors in maintaining the quality of information is essential for stakeholders, considering that reliable information is a significant milestone in decision making. This study examines the effect of tenure audits in influencing audit quality given independence, objectivity, integrity, competence, and examination results as proxies. Respondents in this study are auditors in public accounting firms who carry out audits to the same company in succession. This study uses the Warp-PLS statistical tool. This study proves that the longer the audit tenure, the higher the audit quality provided by the public accounting firm. The auditor's competence and knowledge regarding the client's business environment and processes are indicated to have increased along with the increase in the duration of the audit period. This study also proves that a long audit tenure will improve audit quality because the auditor already understands the risks, gaps, and scope of work the company owns so that the auditor can maintain integrity in working.

Keywords: *Audit Quality; Audit Tenure; Auditor*

Introduction

Companies listed on the Indonesia Stock Exchange are required to annually submit and publish financial reports that accountants have audited as a form of information disclosure and transparency (Indonesia, 2012), therefore, the need for audit services is substantial for public companies in Indonesia. The existence of financial statements that public accountants have audited will increase user confidence in the information contained in these financial statements (Bellostas, Brusca, & Moneva, 2006; Boynton & R. Kell, 2001). The audit opinion issued by the accountant not only reflects that the financial statements are in accordance with generally accepted accounting principles, but it also indicates that the financial statements are free from fraud (Ball & Zimmerman, 2007).

Financial reports are an essential communication tool for parties outside management to reduce the emergence of information asymmetry and potential conflicts between management and outside parties. An audit conducted by an independent third party can improve the quality of information submitted by the management (Dopuch & Simunic., 1980; Johnson, Khurana, & Reynolds, 2002; Watts & Zimmerman, 1986). Investors need to increase the quality of this information (Ronnen, 1996), because the better the quality of the information, the more relevant the information for decision-making (Manita, Elommal, Baudier, & Hikkerova, 2020).

From the description above, the public accounting profession is a profession that is highly relied upon by users of financial statements to ensure that financial statements are free from errors that can mislead stakeholders in making decisions. Thus a public accountant is increasingly required to produce qualified audits consistently (Knechel & Vanstraelen, 2007). According to Bonner & Lewis (1990), audit quality is difficult to define because audit quality is abstract and difficult to measure (Riyatno, 2007). De Angelo (1981) defines audit quality as the probability that the auditor will find errors in management records and then explain the findings in the audit report. To do so; the auditor must have adequate competence and independence.

Auditor competence refers to the knowledge and experience of the auditor in conducting audits. With these two things, the auditor can demonstrate an attitude of objectivity, prudence, and accuracy. Meanwhile, auditor independence refers to an objective and unbiased perspective in its audit activities (Diaz, Fernandez, & Diaz, 2015). The auditor is said to be independent if the auditor can avoid conflicts of interest and be neutral. Public accountants must maintain their independence in attitude and thinking (Arens, Elder, & Beasley, 2012). The philosophy of the independence of the public accountant can be influenced by the duration of the audit assignment in one consecutive client (S. Agoes & Rahmina, 2014; Diaz et al., 2015).

Researchers have widely studied studies on audit quality, but the results of studies related to factors that affect audit quality are varied. Several factors that affect audit quality are tenure audits. Previous studies are showing that audit tenure has a negative effect on audit quality (S. Agoes & Rahmina, 2014; Diaz et al., 2015; Knechel & Vanstraelen, 2007; Sun, Wang, Kent, & Qi, 2020). Still, several other studies have shown that audit tenure positively affects audit quality or even has no effect (Achyarsyah & Molina, 2014; Carcello & Nagy, 2004; St. Pierre & Anderson, 1984). In his research, Yen et al. (2018) said that the more the auditor knows the company from the client, the better it is in determining the risk of violations that are likely to arise (Yen et al., 2018).

Diaz et al. (2015) said that there was a significant effect between the duration or audit tenure on the decline in audit quality. Still, companies did not feel this decrease until the sixth year of the relationship between auditors and management. Agoes & Rahmina (2014) stated that tenure audits have a negative effect on audit quality because the longer the relationship period the auditor feels disturbed in his audit work, the more difficult it is for auditors to provide notes in communicating the findings. Payne & Williamson (2021) mentions that the longer the audit tenure on a client, the auditor will not focus on things that are not too risky, so that the scope and audit procedures carried out are reduced. This lack of a thorough audit process indicates low audit quality. In addition to these three studies, other researchers also found that the longer the duration of the audit tenure, the lower the audit quality (S. Agoes & Rahmina, 2014; Azizkhani, Daghani, & Shailer, 2018; Diaz et al., 2015; Knechel & Vanstraelen, 2007).

On the other hand, Carcello & Nagy (2004) found that public accountants in a company with short tenure had a negative impact on competence, which means that the longer the duration or audit tenure, the better the audit quality provided by an auditor. This is because the auditor's knowledge of the client is not as much as the auditor who has a long tenure in an audited company. Auditors with shorter tenures need time to get used to the client's activities and accounting procedures, so that the impact on the audit quality is not optimal (Achyarsyah & Molina, 2014; St. Pierre & Anderson, 1984).

In Indonesia, a case happened to public accountants who were unable to maintain an independent attitude, thus affecting the quality of the audits carried out. Public Accounting Firm Justinus Aditya Sidharta was convicted of committing a mistake by helping PT Great River International to commit fraud. Based on the investigation results carried out, the examiner stated that the public accountant who had examined the financial statements of PT Great River International was found guilty. Therefore, the

Minister of Finance of the Republic of Indonesia on November 28, 2006, issued a decision to suspend the license of public accountant Justinus Aditya Sidharta for two years because he was proven to have violated the Public Accountant Professional Standards (SPAP) related to the audit report produced on the Consolidated Financial Statements of PT Great River International 2003 period.

This study aims to investigate the effect of audit tenure on the quality of audits produced by public accounting firms in Indonesia. This study contributes to scientific development in the field of auditing by showing the perspective of public accountants regarding the quality of the resulting audit. The findings in this study are expected to be useful for regulators in formulating policies regarding tenure audits and other policies that support the improvement of the quality of public accountants in Indonesia.

Theoretical Review

Audit Quality

The quality of audit services is essential as a form of accountability to stakeholders. Audit quality refers to standards relating to the quality of the audit implementation and is associated with the objectives to be achieved using the procedures adopted by the auditor. The Public Accountant Professional Standard (*Standar Profesional Akuntan Publik* - SPAP) states that auditors are required to maintain professional quality in carrying out their duties, including independence, objectivity, integrity, competence, and examination results.

Independence is a mental attitude that allows the auditor's thinking to be honest and cannot be influenced by the interests of others that can interfere with his professionalism. This is because the auditor avoids actions or situations that can cause third parties to be skeptical of the quality of the audit provided. Objectivity refers to how the auditor collects, evaluates, and reports the information being audited by carrying out a balanced assertion assessment of all conditions without being influenced by certain things. Furthermore, integrity is an element of character as an instrument to maintain public trust. At the same time, objectivity is an attitude not to take sides with anyone, prioritize honesty in work and intellect, and be free from conflicts of interest. Competence is a skill that the auditor has based on his training and experience. Finally, the audit results are reports on the results of the audits that have been carried out. The report must describe the object of the audit that has been audited so the auditor can maintain that audit quality (Sukriah, Akram, & Inapty, 2009; Zahmatkesh & Rezazadeh, 2017).

In the auditing standards stipulated in the SPAP, in addition to the criteria for guaranteeing the quality of work, a public accounting firm must have a quality control system to provide adequate assurance so that audit work, accounting services, and review services can comply with professional standards (Boynton & R. Kell, 2001). De Angelo (1981) defines audit quality as the probability that the auditor will find errors in management's records, then explain these findings in the audit report.

Independence

Independence is defined as an unbiased attitude (Arens et al., 2012), in this case, the auditor is not only required to be independent in fact but also must be independent in attitude. Independent can be seen if the auditor can maintain an unbiased attitude throughout the audit work that has been done.

Mulyadi (2002:26) defines independence as a mental attitude that is free from the influence of any party, not controlled by other parties and does not depend on others. Independence also means an honest attitude in the auditor when considering the facts found and using an objective and impartial attitude in formulating and expressing his opinion (Furiady & Kurnia, 2015). In reality, auditors often encounter difficulties in maintaining independent attitudes and thoughts due to several things, namely (Mulyadi, 2002:27):

1. As a professional in carrying out his work, the auditor gets paid from the management for the services provided.
2. As a professional, auditors often have the intention to satisfy the wishes of management.
3. Maintaining an independent and objective mental attitude can often lead to the release of the client.

The professional standards of public accountants state that in all matters relating to their work, the auditor must maintain an objective and independent attitude. This standard requires the auditor not to be easily influenced because he carries out his work in the public interest (Boynton & R. Kell, 2001). Four things affect the independence of the auditor in carrying out his work, including: (1) the auditor has a conflict of interest with management, (2) examines the work produced by the public accountant itself, (3) the auditor also acts as management or employee and (4) the auditor acts as an advisor to the client (Djamil, 2000).

Objectivity

An independent auditor must be clear, honest, and sincere in their professional work. Independent auditors must be impartial and not allow prejudice or bias to their objectivity. According to Zahmatkesh & Rezazadeh (2017), objectivity is a condition for an independent auditor to maintain and avoid various things that may conflict with his honesty in collecting, evaluating, and reporting the information being audited.

To maintain credibility, Cook et al. (2016) define objectivity as the auditor's way of avoiding contradictions that may arise in the audit examination process. Objectivity can also be said as a mental attitude that the auditor must maintain in conducting an audit. The auditor should not allow his audit considerations to be influenced by other interests. This makes an auditor must be free from conflicts of interest in fulfilling his obligations (Mulyadi, 2002).

The principle of objectivity requires the auditor to be impartial, intellectually honest, fair, not prejudiced, and free from conflicts of interest or under the influence of other parties. Maintaining objectivity is included in the quality assessment of audit quality in examinations and other interested parties who are the auditor's responsibility to the public.

Integrity

Integrity can be interpreted as the auditor's attitude who must be honest and forthright without sacrificing the confidentiality of the service recipient—providing services and public trust without being defeated by profit or personal interest. Integrity can accept unintentional mistakes and honest differences of opinion, but it cannot accept the waiver of principle or fraud (Sukrisno Agoes, 2012).

Following the Professional Ethics Principles of the Indonesian Institute of Accountants, there are four indicators for integrity, namely:

1. Honesty of auditors
   What an auditor with integrity says must be following his conscience and what he says is in accordance with reality.
2. Courage of auditor
   An auditor must have the courage to make disclosures and take the necessary actions.
3. Auditor wise attitude
   An auditor must always be wise in weighing all problems and their problems carefully.
4. Responsibilities of auditors
   An auditor must have a sense of responsibility for his decisions and actions so as not to cause harm to others.

Competence

Competence can be defined as professional skills an auditor possesses as a result of formal education, professional examinations, training, seminars, symposiums, and other activities that can support the improvement of auditors' knowledge relevant to their audit work (Suraida, 2005). Auditor competence refers to the knowledge and experience of the auditor in conducting audits. Based on these two things, the auditor can demonstrate an attitude of objectivity, prudence, and accuracy.

Boynton & R. Kell (2001) explained that there are at least five core competencies that an auditor must possess:

1. Communication and leadership skills
   Auditors are expected to have the ability to provide and exchange information in a meaningful context through appropriate delivery and to be able to influence, inspire, and motivate others to achieve results.
2. Strategic and critical thinking skills
   Able to assemble data, knowledge, and views to provide quality advice for strategic decision-making.
3. Focus on customer
   Able to anticipate and meet changing needs of clients, employees, and the market better than competitors.
4. Interpreting collections of information
   Able to interpret and provide a broader context using financial and non-financial information.
5. Tech-savvy
   Able to leverage and utilize technology that can add value to clients, customers, and employees.

Audit Examination Results

The auditor in carrying out the audit will produce a report on the results of the audit. According to the Professional Standards of Public Accountants (SPAP), the examination results are the final result of the audit process, namely a report stating the auditor's opinion regarding the feasibility of the company's financial statements based on generally accepted accounting principles. Quality inspection results must explain in detail according to the state of the object being audited to avoid information asymmetry. The preparation of the audit examination results must be based on four standards (SPAP), namely:

1. Auditor must prepare the audit report in accordance with generally accepted accounting principles.
2. The audit report must show whether or not there is a consistent application of accounting principles in preparing financial statements for the current period, compared to the previous period.
3. Disclosure of information in the financial statements must be adequate unless otherwise stated in the audit report.
4. The audit report must contain a statement of opinion regarding the financial statements as a whole or an assertion that there is a statement that the auditor cannot give. If the auditor cannot give an opinion in its entirety, then the auditor must state the reasons.

Audit Tenure

Tenure is the period for a public accounting firm to examine a company's or agency's financial statements. Auditor tenure in Indonesia is regulated in the Decree of the Minister of Finance regarding public accounting services which read, "the auditor's tenure is limited to a maximum of three years for the same client, while for KAP, it is allowed up to five years." (Indonesia, 2002, 2003).

In 2008, the government issued a Minister of finance regulation allowing public accounting firms to audit corporate financial statements for six consecutive years (Indonesia, 2008). The government enacted these regulations to limit auditors from getting too close to clients, thus preventing accounting scandals, but in April 2015, a new regulation was enacted, namely Government Regulation No. 20 of 2015 (PP No. 20 2015). In contrast to the previous regulations that limit the tenure of KAP in auditing a company, PP No. 20 2015 no longer restricts KAP, while the restriction only applies to public accountants, namely for five consecutive financial years. PP No. 20 2015 applies prospectively, which means that public accountants who have audited a company do not take into account as long as this regulation has not been enacted.

Several previous studies related to audit tenure or length of relationship with clients have shown inconsistent results. Deis, D. R. & Giroux (1992) research found that the longer the audit tenure, the lower the audit quality. On the other hand, Ghosh & Moon (2005) show that audit quality increases along with the more extended the audit tenure. We can explain the difference in the results of this study because audit assignments that are too long can make a public accountant lose his independence. Then, the auditor feels satisfied more quickly, lacks innovation, and is less stringent in implementing audit procedures. But on the other hand, long audit assignments also allow for increased independence because public accountants are familiar, the auditor can carry out work efficiently, and more resistant to client pressure (Djamil, 2000).

The Effect of Audit Tenure on Audit Quality

Some studies investigate the relationship between audit tenure and audit quality reflected in various indicators, including independence, objectivity, integrity, competence, and audit results. The tenure period can influence the attitude of the independence of public accountants (S. Agoes & Rahmina, 2014; Diaz et al., 2015). Diaz et al., 2015 and Sun et al., (2020) argue that the longer a public accountant performs his audit work, the lower the audit quality produced will be. One reason is that auditors become less challenging, and the audit procedures used tend to be less innovative or may fail to maintain an attitude of professional skepticism (S. Agoes & Rahmina, 2014). The independence of the public accountant can be influenced by the duration of the audit assignment in one client in a row (S. Agoes & Rahmina, 2014; Diaz et al., 2015; Sun et al., 2020).

Diaz et al. (2015) showed a significant effect of audit tenure on the decline in audit quality. Still, the company did not feel this decrease until the sixth year of the relationship between auditors and management. Agoes & Rahmina (2014) also state that audit tenure has a negative effect on audit quality because the longer the relationship period the auditor feels disturbed in his audit work, the more difficult it is for auditors to provide notes in communicating the findings. Several studies have shown that the longer the audit tenure duration, the lower the audit quality (S. Agoes & Rahmina, 2014; Diaz et al., 2015; Knechel & Vanstraelen, 2007; Sun et al., 2020). Based on this description, the hypotheses proposed in this research are:

H: The longer the duration of the tenure audit, the higher the audit quality.

Methods

The unit of analysis of this research is public accountants in Indonesia, with the sampling technique used is random sampling. 120 respondents are used as research samples.

Data analysis in this study is regression analysis using the WarpPLS application. PLS (Partial Least Square) is a variant-based structural equation model analysis tool that can perform measurement model testing and structural model testing simultaneously. The measurement model is used for testing validity and reliability, while the structural model is used for testing causality (Sholihin & Ratmono, 2013).

Variable Definition and Measurement

1. Audit Quality (Y)

The quality of audit results is the quality of an auditor's performance in finding and reporting violations of the management accounting system based on compliance with audit standards that have been set (De Angelo, 1981; Diaz et al., 2015). De Angelo (1981) defines audit quality as the auditor's probability of finding errors in management's records and explains these findings in the audit report. The auditor is required to have competence and independence, so in this study, the audit quality variable was measured using five proxies: independence, objectivity, integrity, competence, and examination results.

Independence

Independence can be defined as the independence of the auditor's attitude and appearance concerning other parties related to the audit tasks. The independence variable in this study was measured using a questionnaire. The questionnaire used is a research questionnaire by Sukriah et al. (2009). The questionnaire statement consists of 8 statement items with answer intervals in the form of a Likert scale of 1-5, with a score of 1 Strongly Disagree (STS), a score of 2 Disagree (TS), a score of 3 Neutral (N), a score of 4 Agree (S) and score of 5 Strongly Agree (SS).

Objectivity

Objectivity is explained as the condition of an impartial auditor, focused and guarded against various matters that may conflict with collecting, evaluating, and reporting information being audited. The objectivity variable in this study was measured using a research questionnaire Sukriah et al. (2009). The questionnaire statement consists of 8 statement items with answer intervals in the form of a Likert scale of 1-5, with a score of 1 Strongly Disagree (STS), a score of 2 Disagree (TS), a score of 3 Neutral (N), a score of 4 Agree (S) and score of 5 Strongly Agree (SS).

Integrity

Integrity is the auditor's attitude who provides service and trust in totality based on the principles of honesty, courage, wisdom, and responsibility towards the audit tasks performed. This study uses data in the form of a questionnaire. The questionnaire used is a research questionnaire by Sukriah et al. (2009). The questionnaire statement consists of 14 statement items with answer intervals in the form of a Likert scale of 1-5, with a score of 1 Strongly Disagree (STS), a score of 2 Disagree (TS), a score of 3 Neutral (N), a score of 4 Agree (S) and score of 5 Strongly Agree (SS).

Competence

Competence is a qualification required by an auditor to carry out an audit properly. The competence variable in this study was measured using a questionnaire. The questionnaire used is a research questionnaire by Sukriah et al. (2009). The questionnaire consists of 10 question items with answer intervals in the form of a Likert scale of 1-5, with a score of 1 Strongly Disagree (STS), 2 Disagree (TS), 3 Neutral (N) score, 4 Agree (S) and score of 5 Strongly Agree (SS).

Audit Examination Results

The result of the examination is a report that states the examination of the audit object in detail by the auditor regarding the feasibility of the company's financial statements based on generally accepted accounting principles. Variables of examination results in this study were measured using a research questionnaire Sukriah et al. (2009). The questionnaire consists of 10 question items with answer intervals in the form of a Likert scale of 1-5, with a score of 1 Strongly Disagree (STS), 2 Disagree (TS), 3 Neutral (N) score, 4 Agree (S) and score of 5 Strongly Agree (SS).

2. *Audit Tenure (X)*

Audit tenure is the number of consecutive times a public accountant performs an audit on an entity. In a previous study, audit tenure was measured by observing auditors from public accounting firms auditing the same company in succession (Diaz et al., 2015; Ellis & Booker, 2011; Geiger & Raghunandan, 2002; Ghosh & Moon, 2005; Myers, Myers, & Omer, 2003). In this study, the measurement of the tenure audit variable used the measurement model of Diaz et al. (2015) with a tenure audit period divided into three quartiles, namely: Q1 = 2 Q2 = 4; Q3 = 6. The three quartiles can be defined as two years = Q1, tenure, four years = Q2, and period six years = Q3. The year 2009 was chosen as the initial year to see the use of public accounting services.

Discussion

This study investigates the effect of audit tenure and public accounting firm size on audit quality in Indonesia. Table 1 describes the sample obtained in previous research, where the author has determined the sample to be taken from a manufacturing company listed on the Indonesia Stock Exchange (IDX). The data period of this research is the period 2009-2017. The study determined this period based on the enactment of PMK No. 17 of 2008, which allowed a public accounting firm to audit the financial statements of the same company for six consecutive years and the changes to regulations contained in Government Regulation No. 20 of 2015. The enactment of these two regulations allows an entity to be audited by the same public accountant for more than six consecutive years.

In this study, the authors observed manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2009 to 2017 to see audit tenure using the method used by Diaz et al. (2015). This observation is done to see if the company's practice is to take advantage of the existing regulatory changes, or whether the company has used the same Public Accounting Firm (KAP) in a row for more than six years. The following is a data description regarding the audit tenor of the manufacturing company that was observed in the study.

Table 1. Description of Audit Tenur Data

Tenur	Companies
Short Term (Q1)	5
Medium Term (Q2)	38
Long Term (Q3)	81
Total	124

As previously discussed, the authors conducted observations on manufacturing companies with an observation period from 2009 to 2017 using the method carried out by Diaz et al. (2015). Referring to Diaz et al. (2015), he classifies the period a company's financial statements are audited by the same Public Accounting Firm in a row into three categories, the short-term category (Q1) 1-2 years in a row, medium-term (Q2) 3-6 consecutive years, and long term (Q3) for more than six years. The data observations show five companies in the Q1 category, 38 in the Q2 category, and 81 in the Q3 category.

This can prove that most manufacturing companies from 2009 to 2017 took advantage of existing regulatory loopholes. The use of public accounting firms with long tenure can be caused by management being satisfied with the audit work provided by public accounting firms (Pamudji, 2009). As it is known that according to PMK No. 17 of 2008, a company is allowed to have its financial statements audited by a public accountant for six consecutive years. After that, in 2015 the Indonesian government, through PP No. 20 of 2015 changed the regulations regarding the permission of a public accountant to audit the company's financial statements consecutively for five years. The change in regulation applies prospectively, meaning that companies that have previously been audited by the same public accounting firm are not considered. This allows a company to be audited by the same public accountant for more than six consecutive years.

With this previous research, this study aims to re-investigate the effect of audit tenure on audit quality in Indonesia. We conducted this research by giving questionnaires to some of the targeted respondents. Table 2 shows the reliability test results of the questionnaire instrument that we will give to respondents, where the reliability is assessed from the Cronbach Alpha value. From these values, we found that all questionnaire instruments were reliable.

Table 2. Results of Questionnaire Instruments Reliability Test

Construct	***Cronbach Alpha* Scores**	**Category**
Audit Tenure	0,681	Reliable
Auditor Independence	0,858	Reliable
Auditor Objectivity	0,863	Reliable
Auditor Integrity	0,926	Reliable
Auditor Competence	0,831	Reliable
Audit Examination Results	0,933	Reliable

Table 3 also shows the results of the validity test of the questionnaire instrument consisting of six constructs, namely Audit Tenure, Auditor Independence, Auditor Objectivity, Auditor Integrity, Auditor Competence, and Examination Results.

Table 3. Results of the Validity Test of the Questionnaire Instrument

Construct	**Indicators**	***Pearson Correlation Score (sig*)***	**Category**
Audit Tenure	PK1	0,671*	Valid
	PK2	0,402*	Valid
	PK3	0,674*	Valid
	PK4	0,711*	Valid
	PK5	0,645*	Valid
	PK6	0,662*	Valid
	PK7	0,664*	Valid
	PK8	0,428*	Valid
Auditor Independence	ID1	0,546*	Valid
	ID2	0,819*	Valid
	ID3	0,842*	Valid
	ID4	0,716*	Valid
	ID5	0,740*	Valid

	ID6	0,817*	Valid
	ID7	0,634*	Valid
	ID8	0,614*	Valid
Auditor Objectivity	OB1	0,727*	Valid
	OB2	0,432*	Valid
	OB3	0,456*	Valid
	OB4	0,794*	Valid
	OB5	0,876*	Valid
	OB6	0,848*	Valid
	OB7	0,765*	Valid
	OB8	0,853*	Valid
Auditor Integrity	IT1	0,758*	Valid
	IT2	0,814*	Valid
	IT3	0,639*	Valid
	IT4	0,653*	Valid
	IT5	0,661*	Valid
	IT6	0,732*	Valid
	IT7	0,802*	Valid
	IT8	0,642*	Valid
	IT9	0,673*	Valid
	IT10	0,766*	Valid
	IT11	0,863*	Valid
	IT12	0,747*	Valid
	IT13	0,868*	Valid
	IT14	0,679*	Valid
Auditor Competence	KP1	0,672*	Valid
	KP2	0,620*	Valid
	KP3	0,701*	Valid
	KP4	0,299*	Valid
	KP5	0,608*	Valid
	KP6	0,650*	Valid
	KP7	0,820*	Valid
	KP8	0,554*	Valid
	KP9	0,648*	Valid
	KP10	0,744*	Valid
Audit Examination Results	HP1	0,433*	Valid
	HP2	0,845*	Valid
	HP3	0,891*	Valid
	HP4	0,844*	Valid
	HP5	0,794*	Valid
	HP6	0,584*	Valid
	HP7	0,781*	Valid
	HP8	0,879*	Valid
	HP9	0,923*	Valid
	HP10	0,863*	Valid

Table 4. Hypothesis Test Results

Construct	Coefficient Value (sig*)	Adjusted R^2	Category

Audit Tenur → Audit Quality	0,87*	0,75	Accepted
Audit Tenur → Audit Independence	0,69*	0,48	Accepted
Audit Tenur → Audit Objectivity	0,80*	0,63	Accepted
Audit Tenure → Integrity Audit	0,83*	0,69	Accepted
Audit Tenure → Audit Competence	0,79*	0,63	Accepted
Audit Tenure → Audit Results	0,80*	0,64	Accepted

From Table 4, we can see that from the results of hypothesis testing, the coefficient value of Audit Tenur on Audit Quality gets a significance value of 0.87 and an R2 value of 0.75, which states that the hypothesis can be accepted.

This proves that audit tenure has a positive effect on audit quality. The use of a public accounting firm with a long tenure can be caused because the management is satisfied with the audit work provided by the public accounting firm (Pamudji, 2009). This is also supported by previous research that the longer the audit tenure, the more the auditor understands the client company so that the audit process runs more detailed and better (Sucinda, Sirait, Auditor, & Audit, 2020). As it is known that according to PMK No. 17 of 2008, a company is allowed to have its financial statements audited by a public accountant for six consecutive years. After that, in 2015, the Indonesian government, through PP No. 20 of 2015, changed the regulations regarding the permission of a public accountant to audit the company's financial statements consecutively for five years. The change in regulation applies prospectively, meaning that companies that have previously been audited by the same public accounting firm are not considered. This allows a company to be audited by the same public accountant for more than six consecutive years.

Tenure Audit and Audit Quality

Consistent with the results of previous studies, the increase in audit quality is influenced by the period of a company being audited by the same KAP in succession. According to (González-Díaz, García-Fernández, & López-Díaz, 2015), audit quality is influenced by the relationship between KAP and clients, respectively. According to (Sucinda et al., 2020), audit quality will increase along with the length of audit tenure. A better relationship with the client will make the auditor better understand the company and the client's accounting system so that the audit process will run well.

The results of this study are also supported by previous studies, which show that audit quality will increase along with the longer audit tenure of a company (Astri, Purnamasari, & Maemunah, 2018; Carcello & Nagy, 2004; Lim & Tan, 2010). Carcello & Nagy (2004) found fraud on financial statements in audit work for less than three consecutive periods. Carcello & Nagy (2004) found that the use of public accountants in a company with a short tenure has a negative impact on competence because the auditor's knowledge of the client is not as much as the auditor who has a long tenure in an audited company. Research conducted by Lim & Tan (2010) states that audit tenure improves audit quality at KAPs that audit companies tend to be similar. This is because the longer the period for the accounting firm to conduct audits in the same industry, the competence of the auditors also increases which causes audit quality to increase.

While Johnson et al. (2002) found that an increase in audit tenure has a positive relationship with the quality of financial statements, the financial statements of a company audited by the same KAP successively have better quality than the financial statements audited by the KAP with tenure of less than three years. The improvement in the quality of the financial statements indicates the increasing quality of the audit provided by the KAP because the auditor is getting better at auditing. After all, the auditor has understood the client's business processes which cause more detail in the audit process carried out along with the increasing audit tenure. Research conducted by Sari et al. (2019) shows that a long audit tenure will make it easier for the auditor to carry out further examinations related to the audit process because the auditor can make decisions based on the development of the client company from time to time (Diaz et al., 2015; Johnson et al., 2002; Lim & Tan, 2010; Pamudji, 2009).

Conclusions

Expectations for improving the quality of the work carried out by auditors are very high. This is because auditors have an essential role in maintaining the quality of existing information. Reliable information is a significant milestone for stakeholders in decision-making. At this level, the quality of audits carried out by auditors is expected to increase over time. The concerns about the long audit tenure could impair the quality of audits provided by public accounting firms, were not proven in this study. Although the respondents took in this study varied, using statements regarding independence, objectivity, integrity, competence, and the examinations that auditors have carried out.

The results of this study prove that a long audit tenure can improve audit quality. This is because a public accounting firm that conducts audits within the same company in succession for an extended period tends to become more familiar with the existing business processes and environment. This understanding of the client's environment and business processes triggers an increase in the quality of audits provided by the public accounting firm because the auditor already understands all the gaps and contents contained in the company. In addition, the longer audit tenure makes the auditor's integrity in conducting audits to auditees also increase. This will improve the quality of audit work carried out by public accounting firms.

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