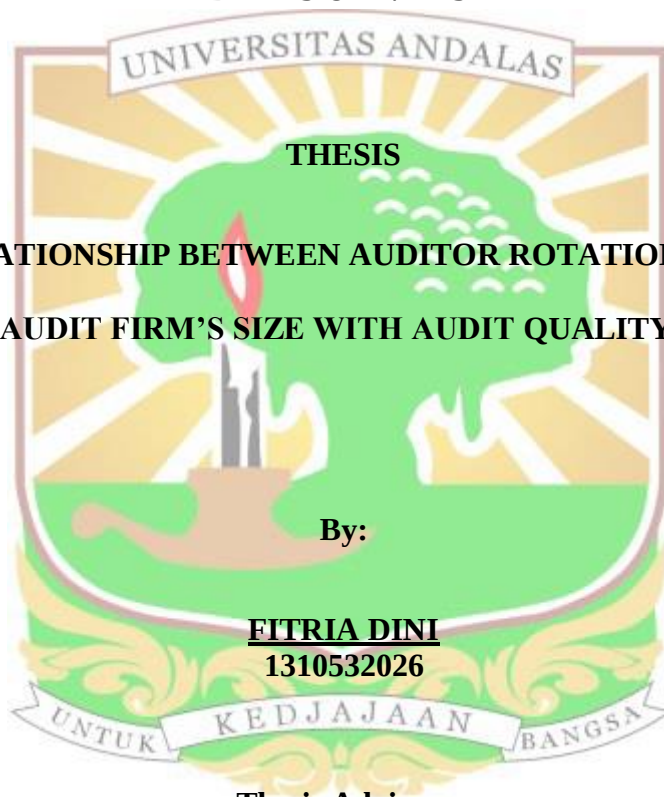




ACCOUNTING DEPARTMENT

FACULTY OF ECONOMICS

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THESIS

**“THE RELATIONSHIP BETWEEN AUDITOR ROTATION TYPE AND
AUDIT FIRM’S SIZE WITH AUDIT QUALITY”**

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Submitted as a partial requirement to obtain the degree in economics

PADANG

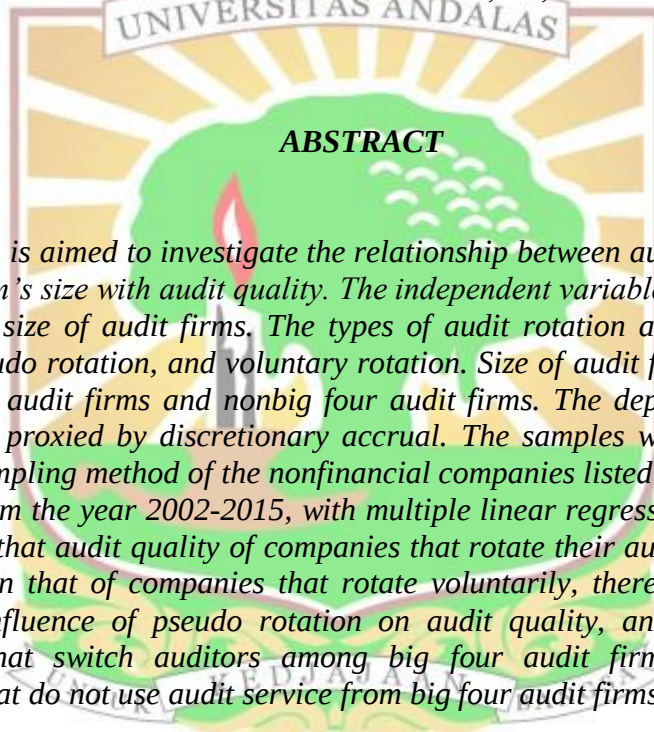
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THE RELATIONSHIP BETWEEN AUDITOR ROTATION TYPE AND AUDIT FIRM'S SIZE WITH AUDIT QUALITY

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ABSTRACT

This research is aimed to investigate the relationship between auditor rotation type and audit firm's size with audit quality. The independent variables are type of audit rotation and size of audit firms. The types of audit rotation are real mandatory rotation, pseudo rotation, and voluntary rotation. Size of audit firms are classified into big four audit firms and nonbig four audit firms. The dependent variable is audit quality proxied by discretionary accrual. The samples were selected using purposive sampling method of the nonfinancial companies listed in Indonesia Stock Exchange from the year 2002-2015, with multiple linear regression approach. The result shows that audit quality of companies that rotate their auditors mandatorily is higher than that of companies that rotate voluntarily, there is no statistically significant influence of pseudo rotation on audit quality, and audit quality of companies that switch auditors among big four audit firms is higher than companies that do not use audit service from big four audit firms.

Keywords: Audit rotation, pseudo rotation, audit quality, audit firm's size, discretionary accrual

ABSTRAK

Penelitian ini bertujuan untuk mengetahui hubungan antara tipe rotasi audit dan ukuran Kantor Akuntan Publik (KAP) terhadap kualitas audit. Variabel bebasnya adalah tipe rotasi audit dan ukuran Kantor Akuntan Publik (KAP). Tipe rotasi audit mencakup rotasi wajib, rotasi semu, dan rotasi sukarela. Ukuran Kantor Akuntan Publik (KAP) diklasifikasikan berdasarkan *big four*, dan *nonbig four*. Variable terikatnya adalah kualitas audit yang diproksikan dengan akrual diskresioner. Sampel pada penelitian ini dipilih dengan metode *purposive-sampling* pada perusahaan non-bank dan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI) dari tahun 2002-2015, dengan pendekatan regresi linear berganda. Hasil penelitian menunjukkan bahwa perusahaan yang melakukan rotasi wajib memiliki kualitas audit yang lebih tinggi daripada perusahaan yang berotasi secara sukarela, rotasi semu tidak mempunyai pengaruh signifikan terhadap kualitas audit, dan perusahaan yang menggunakan jasa KAP *big four* memiliki kualitas audit yang lebih tinggi daripada yang tidak menggunakan jasa KAP *big four*.

Kata Kunci: Rotasi audit, rotasi semu, kualitas audit, ukuran KAP, akrual diskresioner

This thesis has already examined on June 6th, 2017. The abstract has already approved by thesis advisor and examiner:

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