



THE EFFECT OF AUDIT TENURE, WORKLOAD, AND COMPANY SIZE ON AUDIT QUALITY

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ABSTRACT

This study aims to determine the effect of audit tenure, workload, and firm size on audit quality. This study uses secondary data. The purposive sampling method was used as a sampling technique with 53 selected companies from all infrastructure, utilities, and transportation companies listed on the Indonesia Stock Exchange in 2018-2020. The data were processed by multiple linear regression and SPSS 25.0 program. The results of this study indicate that workload and firm size have a positive effect on audit quality. Meanwhile, audit tenure has no effect on audit quality.

Keywords: *Audit Tenure, Workload, Company Size, Audit Quality*

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INTRODUCTION

Information about a company's performance that is required by various parties, both internal and external, is closely related to accounting. The accounting information is presented in the form of the organization's financial statements. The objective of general purpose financial reporting is to provide investors, lenders, and other creditors with financial information about the reporting entity that is useful in making resource allocation decisions (IAI Global, 2016).

A public accountant is required to maintain the credibility of financial statements so that users of financial statements can have faith in them (Ismail, 2019). Article 68 of Law No. 40 of 2007 on Limited Liability Companies stipulates that financial statements must be audited by public accountants. The public accounting profession is a provider of financial audit services used by parties outside the company, such as potential investors and other related parties, to assess companies or other legal entities (including the government) to produce relevant, accurate, complete, and reasonably presented opinions or opinions on financial statements. Users of financial statements anticipate that audited financial statements are free of material misstatements, can be relied upon as a basis for decision making, and are in accordance with accounting principles applicable in Indonesia.

Over the past few decades, the external audit services market has grown at a rapid rate. The global financial crisis bolstered the significance and role of audit services in enhancing corporate governance and the accuracy of financial statements. The demand for public accounting services will increase in the future as a result of the enactment of regulations requiring transparent and accountable financial reports and the increase in the number of multinational corporations, including in Indonesia. According to OJK, as of February 2019, there were 612 KAPs dispersed throughout Indonesia (www.iapi.or.id, 2019).

Users of audited financial statements have a great deal of faith in public accountants' financial statement opinions. This necessitates that public accountants pay close attention to the quality of their audits. The probability of an auditor discovering and reporting an error or fraud in a client's accounting system is the definition of audit quality. Audit quality aims to enhance audit performance by detecting material misstatements in the financial statements of the client (Tandiontong, 2015).

Audit quality is an intriguing topic to study because its outcomes cannot be directly observed and its definitions vary from person to person. This study was conducted to determine the impact of audit experience, workload, and firm size on audit quality. In this study, infrastructure, utilities, and transportation companies listed on the Indonesia Stock Exchange in 2018-2020 were subjected to testing. This research is novel because the research object that utilizes infrastructure, utilities, and transportation companies is still minimal.

LITERATURE REVIEW

Agency Theory

The assumption underlying agency theory is that each individual is solely motivated by his own interests, resulting in a conflict of interest between the principal and the agent. Information asymmetries exist between agents and principals when managers have more knowledge than external parties. Asymmetric information is an imbalance of information owned by the principal and agent, in which the principal lacks sufficient information about the agent's performance

while the agent has more information about self-capability, the work environment, and the company as a whole. As an internal party, the agent or manager knows more about the state of the company than the owner. Therefore, managers have more opportunities to engage in dysfunctional behavior (Sulistyanto, 2014).

Tenure Audit

Audit tenure or audit engagement period can affect audit quality. The audit engagement period is now the subject of public discourse. If the engagement period is prolonged, it will create an overly close relationship between the client and the auditor, thereby diminishing the auditor's independence and objectivity. This statement is comparable to research (Al-Thuneibat et al., 2011) indicating that the engagement period is long enough to influence the auditor's objectivity at work. The auditor's ability to obtain information and comprehend the client's business environment will be compromised if performed in a hurry. The short engagement period deprives the auditor of sufficient time to comprehend the client's business environment, thereby diminishing their ability to assess information accurately (Pramaswaradana & Astika, 2017).

Workload

The workload is the result of the interaction between the demands of the tasks of the work environment, the skills and perceptions of workers, and the work environment itself. Operational workload is characterized by factors such as task demands or efforts required to complete the job (Ishak et al., 2015).

Company Measurement

The grouping of companies, namely growth industry, defensive industry, and cyclical industry, reveals company size. The growth industry displays companies whose profit growth is significantly higher than the industry average. The defensive industry consists of businesses that are not significantly affected by economic conditions. Companies that operate in cyclical industries are highly sensitive to economic conditions. This classification of company size is useful for estimating the impact of changes in economic conditions on a company's health (Sunnyoto, 2016).

Audit Quality

Audit quality is the likelihood that an auditor will detect and report a violation in his client's accounting system. An auditor is deemed qualified if he is able to detect and reveal an element of error in the financial statements; the quality of the auditor can be determined if a company's financial statements contain misstatements (Pramaswaradana & Astika, 2017).

Hypothesis Development

Effect of Tenure Audit on Audit Quality

Research (Sari & Zulfiati, 2020) found that audit tenure has an effect on audit quality. This indicates that audit tenure has a positive effect on audit quality, which means that long tenure of KAP can increase the auditor's ability to prevent and indicate earnings management practices or other frauds in the company carried out by management so that audit quality is high.

Research (Azizkhani et al., 2018) found that financial statement errors were higher in the first and second year engagements, which means that the longer the audit engagement, the better the auditor will have an introduction to the client's business. Therefore, longer audit tenure increases the quality of audits produced by auditors.

H1: Audit Tenure has an effect on Audit Quality

Effect of Workload on Audit Quality

Workload (Workload) shows the workload faced by an auditor. Workload can be seen from the number of clients that must be handled by an auditor or the limited time available to carry out the audit process. The workload faced by auditors can reduce audit quality. Therefore, KAP must pay attention to the workload of an auditor. The government needs to consider starting to regulate the workload for each KAP. In addition, the role of the audit committee also needs to be increased because it has been proven to reduce the negative relationship between workload and audit quality (Setiawan & Fitriany, 2011).

Research (Ismail, 2019) found that workload has a significant influence on audit quality. The test results show that the workload variable has a negative effect on audit quality, meaning that the lower the workload in the company, the better the audit quality. In completing the audit process, an auditor has a deadline and a number of his own clients. A low workload means that the number of clients is not too many and the auditor's work can be more focused so that the auditor has the potential to provide the best work results. On the other hand, if the workload is high, it can lead to fatigue and the emergence of dysfunctional audit behavior so that it can reduce the auditor's ability to find errors or report irregularities. Research (Setiawan & Fitriany, 2011) found that workload has a negative effect on audit quality, the workload faced by auditors can reduce audit quality. Therefore, KAP must pay attention to the workload of an auditor. The government needs to consider starting to regulate the workload for each KAP.

H2: Workload has an effect on Audit Quality

The Effect of Firm Size on Audit Quality

Company size (SIZE) is a scale used to measure the size of a company that can be measured from a financial perspective by looking at total assets, sales, and market capitalization. Sunyoto (2016) explains that the size of the company can be seen in the total assets of the company. Sari & Zulfiati's research (2020) shows that the size of the client company has a positive effect on audit quality, which means that the larger the size of a company, the higher the audit quality produced. Large companies tend to choose KAPs that have quality to increase the credibility of the company so that it will improve audit quality.

Manik & Laksito (2019) shows that the size of a company has a significant positive effect on the quality of the resulting audit. The larger the company, the company will continue to strive to improve the company's internal control. In line with this, it is likely that the number of agencies will also increase due to the increasing complexity of the company's operations, therefore management and owners need good control to support the continuity of the company. Good internal

control really helps the auditor's work so that the auditor can more easily improve the quality of the audit produced.

H3 : Company size affects audit quality

Based on the explanation of the development of hypotheses and some relevant previous studies, the description of the theoretical framework in this study is as follows:

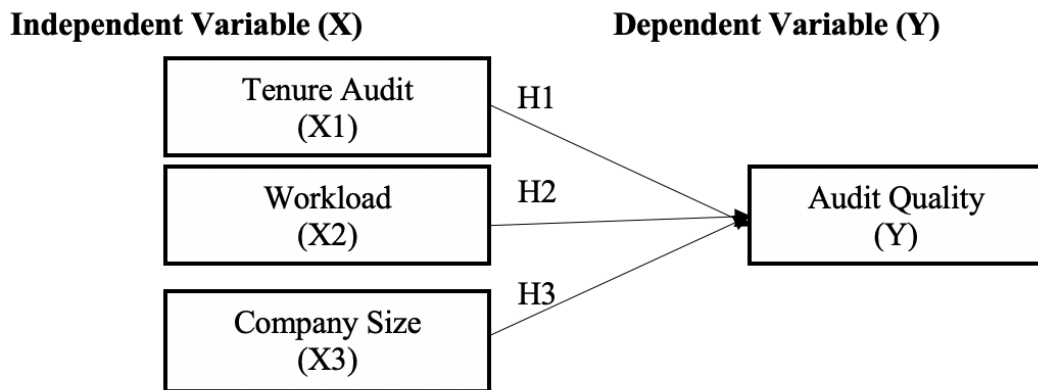


Figure 1. Conceptual Framework

Source: Data processed by researchers, 2022

RESEARCH METHODOLOGY

The type of research used in this research is quantitative research that uses secondary data. The population used in this study is the company *infrastructure, utilities, and transportation* listed on the Indonesia Stock Exchange for the period 2018 – 2020. This research data is secondary data obtained from the company's financial statements that became the research sample. The required data were collected and tabulated in Excel, then processed using the SPSS 25.0 data processing program with multiple regression analysis. The sample selection process in this study used a purposive sampling method which is a non-random sampling technique with certain considerations (Indrianto & Supomo, 2018). The sample selected in this study with the following criteria:

1. All infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange in 2018 – 2020.
2. Companies that were delisted from the Indonesia Stock Exchange during the period 2018 – 2020.
3. Companies that do not publish complete financial statements during the period 2018 – 2020 and do not present complete data for the calculation of the variables studied include audit quality, audit tenure, workload and company size.

Table 1. Purposive Sampling Research Process

No	Purposive Sampling	Amount
1.	All infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange in 2018 – 2020.	80
2.	Subtract companies that were delisted from the Indonesia Stock Exchange during the study period.	(11)
3.	Reduced by companies that did not publish complete financial statements during the 2018 – 2020 period and did not present complete data for the calculation of the variables studied including audit quality, audit tenure, workload and company size.	(16)
	Amount	53
	Data observation for 3 years (2018 – 2020)	159

Source: Data processed by researchers, 2022

Variable Operations

Tenure Audit (X₁)

Audit tenure is the period of engagement of auditors who provide audit services for a period of time that has been agreed with the client. Audit tenure is measured by counting the number of years of engagement of the auditor from the same KAP to the auditee, the first year of engagement begins with number 1 and is added by one for subsequent years. This information is seen in independent auditor reports for several years to ensure the length of time the KAP auditor has audited the company (Kurniasih and Rohman, 2014).

Formula:

$$\text{Tenure Audit } (X_1) = \sum \text{The time period of the engagement between the firm and the same client company}$$

Workload (X2)

The workload is termed as audit capacity stress, namely the pressure faced by the auditor in connection with the number of audit clients that must be handled (Ishak et al., 2015).

Formula:

$$Workload (X_2) = \frac{\text{Number of audit clients handled by the KAP in that year}}{\text{Total number of partners in KAP in that year}}$$

Company Size (X3)

Firm size variable in this study is measured by the natural logarithm (Ln) of total assets (Beads & Laksito, 2019).

Formula:

$$Size (X_3) = Ln \text{ Total Aset}$$

Audit Quality (Y)

The dependent variable used in this study is audit quality (Y).

Discretionary accruals taken as a proxy for audit quality according to research (Rafli & Amin, 2021). Discretionary accruals calculate the difference between total accruals and non-discretionary accruals. Total accruals can be calculated through the Cash flow statement approach (Sulistyanto, 2014):

$$TAt = N.It - CFOt$$

Information :

TAt is the total accruals in year t

N.It is net income in year t

CFO_t are cash flows from operating activities in year t

Total accruals were then formulated by Jones (1991) which was modified by Dechow et al (1995) as follows (Sulistyanto, 2014):

$$TACit/TAit-1 = \alpha_1(1/TAit-1) + \alpha_2(\Delta REVt / TAit-1) + 3 (PPEit/TAit-1) + it$$

Information :

TACit = Total accruals of company i in year t

REVit = company i revenue in year t minus revenue in year t-1

PPEit = Fixed assets of company i in year t

TAit-1 = Total assets of company i year ti

it = Error term company i year t

This study uses a cash flow statement approach to calculate total accruals. After calculating total accruals, the next step is to calculate non-discretionary accruals using the following formula:

$$NDA_t = 1 (1 / TA_{t-1}) + 2 [(\Delta REV_t - RE_{Ct}) / TA_{t-1}] + 3 (PPE_t / TA_{t-1})$$

Information:

NDA_t = *non-discretionary accruals*

TA_{t-1} = *total assets* at the end of year t-1

REV_t = *revenue* in year t minus revenue in year t-1

RE_{Ct} = *net receivables* in year t minus receivables in year t-1

PPE_t = *gross property plant and equipment* at the end of the year t

α₁, α₂, α₃ = company-specific parameters

ε = residual, which describes the company-specific discretionary portion of total accruals.

Discretionary accruals calculated by taking the difference between total accruals and non-discretionary accruals.

$$DA_t = TA_t - NDA_t$$

where :

DA_t is a component of discretionary accruals

TA_t is the total accruals in year t

NDA_t are non-discretionary accruals

Earnings management is proxied by absolute discretionary accruals which is the absolute value of discretionary accruals. That the positive or negative value of the calculation of discretionary accruals is irrelevant so that the best measurement for discretionary accruals is to use the absolute value (Nur Rohmatika & Triyono, 2022).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis provides an overview or description of a data seen from the mean, maximum, minimum, and standard deviation of each research variable Ghozali, (2016). The measurements used in this study were the mean, maximum, minimum, and standard deviation. The mean is used to determine the average of each variable. Maximum is used to find out the largest value of data. Minimum is used to find out the smallest data value. Standard deviation is used to determine the average dispersion of the samples in this study.

The results of descriptive statistical analysis of the variables of this study were processed using the SPSS 25.0 application which can be seen in table 4.1 below as follows:

Table 2. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
AT	159	1	3	1.87	.809
WL	159	.032	1,000	.31635	.193094
Size	159	8091	18,841	14.57463	2.066375
ABSDA	159	.000	.900	.13407	.166792
Valid N (listwise)	159				

Source: Data processed by researchers, 2022

The following are the details of the descriptive data that has been processed:

- The Audit Tenure (AT) variable has a minimum value of 1; maximum value 3; the average value of audit tenure is 1.87 and the standard deviation is 0.809. The average value shows how long the audit engagement between the company and KAP in the infrastructure, utilities, and transportation sector companies listed on the IDX as a whole is.
- Variable Workload (WL) has a minimum value of 0.032; maximum value of 1,000; the average value of the workload is 0.31635 and the standard deviation is 0.193094. The average value shows how high the workload of auditors conducting audits on infrastructure, utilities, and transportation sector companies listed on the IDX as a whole.
- Firm Size (SIZE) variable has a minimum value of 8.091; maximum value 18,841; the average value of the firm size is 14.57463 and the standard deviation is 2.066375. The average value shows how big the size of the company in the infrastructure, utilities, and transportation sector companies listed on the IDX as a whole.
- The Audit Quality Variable (ABSDA) has a minimum value of 0.000; maximum value 0.900; the average value of audit quality is 0.13407 and the standard deviation is 0.166792. Measurement of audit quality using the value of discretionary accruals

- e. has the opposite meaning where the higher the value of discretionary accruals means the lower the quality of the resulting audit and vice versa.

Classic assumption test

Data Normality Test

The objective of the normality test is to determine whether the confounding or residual variables in the regression model have a normal distribution. A good regression model is to have a normal data distribution or close to normal Ghozali (2018). In this study, the normality test was conducted through a graph test utilizing a normal p-plot.

If the results of a normality test on the initial data indicate that the data has not spread around the diagonal line and instead follows it, then the regression model does not satisfy the assumption of normality. This study treats violations of data normality with a simple transformation using double logs, specifically by adding Ln to the regression equation used on both the dependent and independent variables, so that the research data is normally distributed or close to the normal distribution (Ghozali, 2018). The results of the normal p-plot normality test are presented in Figure 4.1 below.

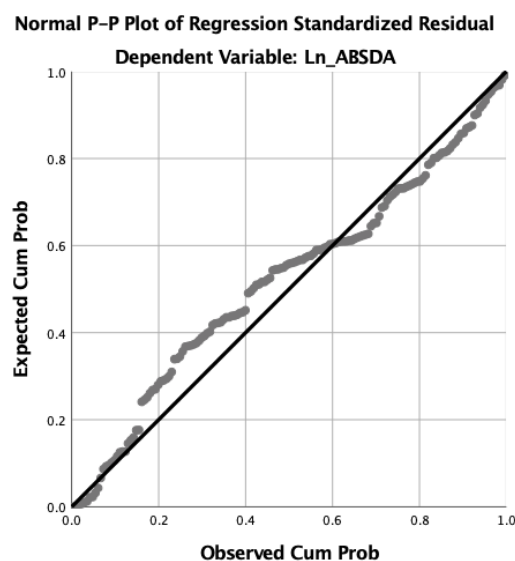


Figure 2. Normal P-Plot (after data transformation)

Source: Data processed by researchers

Based on Figure 4.1 above, it can be seen that the data spreads around the diagonal line and follows the diagonal line, then the regression model fulfills the assumption of normality.

Multicollinearity Test

The objective of this test is to identify signs of correlation between two independent variables. There should be no correlation between the independent variables in a good regression model. The multicollinearity test can be performed in two ways: by examining the Variance Inflation Factors (VIF) and the tolerance value. If the VIF is greater than 10 and the tolerance value is less than 0.10, multicollinearity symptoms exist (Ghozali, 2018). The following are the results of testing for multicollinearity.

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Ln_AT	.999	1,001
Ln_WL	.995	1.005
Ln_SIZE	.996	1.004

Source: Data processed by researchers, 2022

The variables in the study have the following tolerance values, as determined by the calculation of the tolerance value. Independent variable audit tenure (X1) 0.999; workload variable (X2) 0.995; firm size variable (X3) 0.996. All variables have tolerance values greater than 0.10 The following are the results of calculating the Variance Inflation Factor (VIF) for the study variables. Independent variable audit tenure (X1) 1,001; variable workload (X2) 1,005; variable firm size (X3) 1,004 The VIF value of all variables is less than 10. Therefore, it can be concluded that the regression model lacks multicollinearity between independent variables.

Test of Heteroscedasticity

The heteroscedasticity test aims to determine whether there is an inequality of variance between the residuals of one observation and another in the regression model. If the residual variance from one observation to another remains, this is referred to as homoscedasticity; if it differs, this is referred to as heteroscedasticity. Homoscedasticity or the absence of heteroscedasticity characterizes a good regression model. In this study, the test for heteroscedasticity was the scatterplot test. The results of the following heteroscedasticity tests are as follows:

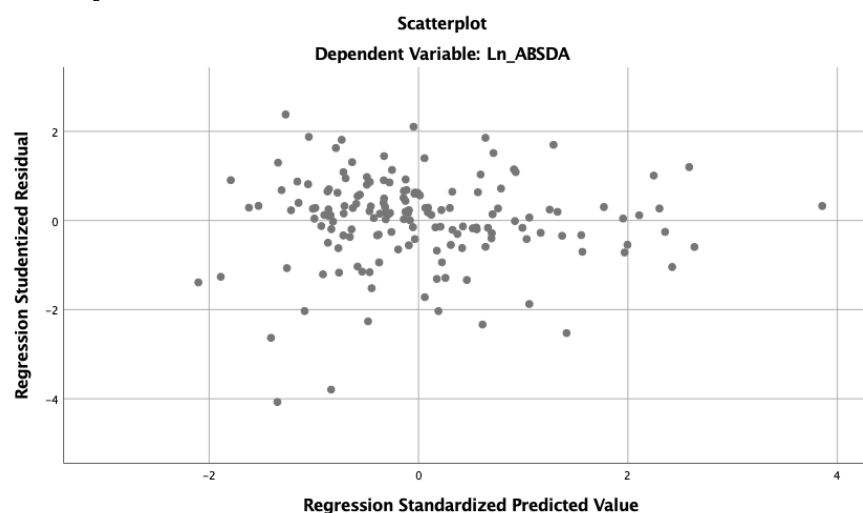


Figure 3. Scatterplot

Source: Data processed by researchers

The results of the heteroscedasticity test with a scatterplot as presented in Figure 4.2 above, show that the points spread randomly and are spread both above and below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity problem in the regression model.

Autocorrelation Test

A good regression equation lacks autocorrelation; if autocorrelation is present, then the equation is not good or suitable for prediction. If there is a linear correlation between the confounding error of period t (being) and the confounding error of period $t-1$, a new

autocorrelation problem arises (previous). Consequently, the classic autocorrelation assumption test is conducted on time series data or data with a time series, such as data from 2000 to 2012. (Sunyoto, 2013). The results of the autocorrelation test are listed below.

Table 4. Autocorrelation Test Results

Model	Durbin Watson
1	1,776

Source: Data processed by researchers, 2022

The results of the autocorrelation test with Durbin-Watson as presented in table 4.3 above show a DW value of 1.776. The value of DW is greater than the value of -2 and less than the value of +2 (-2 < DW < +2), so it can be concluded that there is no autocorrelation.

Multiple Regression Analysis

The purpose of regression analysis is to estimate and/or predict the population mean or average value of the dependent variable based on the value of the independent variable(s). known to Ghozali (2018). Multiple regression is used to examine the influence of multiple independent variables on a single dependent variable (metric).

This equation model examines the effect of audit tenure, workload and firm size on audit quality. The following is the multiple regression equation used in this study.

Table 5. Multiple Regression Analysis

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,938	1,756		1.104	.271
	Ln_AT	-186	.210	-.068	-.886	.377
	Ln_WL	-.368	.140	-.202	-2,635	.009
	Ln_Size	-1.852	.657	-.217	-2.821	.005

a. Dependent Variable: Ln_ABSDA

Source: Data processed by researchers, 2022

The results of the regression test as presented in table 4.4 above show the multiple regression equations obtained are as follows:

$$\text{Ln_ABSDA} = 1.938 - 0.186\text{Ln_AT} - 0.368\text{Ln_WL} - 1.852\text{Ln_Size}$$

The multiple linear regression equation above can be interpreted that:

1. The constant of 1.938 states that without the influence of the three independent variables of audit tenure, workload, and company size, the audit quality variable for infrastructure, utilities, and transportation companies listed on the IDX is 1.938 units.
2. The regression coefficient for audit tenure variable is -0.186 (negative). The negative direction on the relationship between audit tenure and audit quality indicates that changes in audit tenure in infrastructure, utilities, and transportation companies reverse direction with changes in discretionary accruals but are in line with changes in audit quality. This means that every time there is an increase in audit tenure by one unit, it will decrease the value of discretionary accruals in infrastructure, utilities, and transportation companies listed on the IDX by 0.186 units without being influenced by other factors. Decreasing discretionary accruals will increase the audit quality

produced by 0.186. Therefore, changes in audit tenure will be in line with improving audit quality.

3. The regression coefficient of the workload variable is -1.368 (negative). The negative direction on the relationship between workload and audit quality indicates that changes in auditor workload in infrastructure, utilities, and transportation companies reverse direction with changes in discretionary accruals but in the same direction as changes in audit quality. This means that every time there is an increase in workload by one unit, it will decrease the value of discretionary accruals in infrastructure, utilities, and transportation companies listed on the IDX by 0.368 units without being influenced by other factors. Decreasing discretionary accruals will increase the resulting audit quality by 0.368. Therefore, changes in workload will be in line with improving audit quality.
4. The regression coefficient of the firm size variable is -1.852 (negative). The negative direction on the relationship between firm size and audit quality indicates that changes in firm size in infrastructure, utilities, and transportation companies reverse direction with changes in discretionary accruals but are in line with changes in audit quality. This means that every time there is an increase in company size by one unit, it will decrease the value of discretionary accruals in infrastructure, utilities, and transportation companies listed on the IDX by 1,852 units without being influenced by other factors. Decreasing discretionary accruals will increase the quality of the resulting audit by 1.852. Therefore, changes in company size will be in line with improving audit quality.

Hypothesis test

F Uji test

The results of the F test for the effect of audit tenure, workload, and company size on audit quality in infrastructure, utilities, and transportation sector companies listed on the Indonesia Stock Exchange for the period 2018 – 2020 are presented in table 4.5 below.

Table 6. F Test Results
ANOVAa

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21,788	3	7.263	5.012	.002b
	Residual	224,590	155	1,449		
	Total	246,378	158			

a. Dependent Variable: Ln_ABSDA

b. Predictors: (Constant), Ln_Size, Ln_AT, Ln_WL

Source: Data processed by researchers, 2022

The results of the F test in table 4.5 above show that the significance value is $0.002 < 0.05$ ($\alpha = 5\%$). This shows that the multiple regression model in this study is feasible and shows the meaning that there is a simultaneous influence of audit tenure, workload, and company size on audit quality.

t test

The results of the t-test of the effect of audit tenure, workload, and company size partially on audit quality are presented in table 4.6 below.

Table 7. T-Test Results (Partial)

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,938	1,756		1.104	.271
	Ln_AT	-186	.210	-.068	-.886	.377
	Ln_WL	-.368	.140	-.202	-2,635	.009
	Ln_Size	-1.852	.657	-.217	-2.821	.005

a. Dependent Variable: Ln_ABSDA

Source: Data processed by researchers, 2022

The results of the t-test in table 4.6 above show the test of the effect of audit tenure on audit quality with a significance value of $0.377 > 0.05$ ($\alpha = 5\%$). This shows that audit tenure has no effect on audit quality (H1 is rejected).

Testing the effect of workload on audit quality with a significance value of $0.009 < 0.05$ ($\alpha = 5\%$). This shows that the workload has an effect on audit quality (H2 is accepted).

Testing the effect of firm size on audit quality with a significance value of $0.005 < 0.05$ ($\alpha = 5\%$). This shows that firm size has an effect on audit quality (H3 is accepted). The results of hypothesis testing with the F test and t test above, can be summarized as in table 4.7 below.

Table 8. Conclusion of the Hypothesis

Hi	Variable		Dependent:	Sig.	Conclusion
	Independent:	→			
H1	Tenure Audit	→	Audit Quality	0.377	H1 rejected
H2	Workload	→	Audit Quality	0.009	H2 accepted
H3	Company Size	→	Audit Quality	0.005	H3 accepted

Source: Data processed by researchers, 2022

Coefficient of Determination

The coefficient of determination is utilized to measure how well a model can explain dependent variation (Ghozali, 2018). According to Ghozali (2018), the bias towards the number of independent variables included in the model is the fundamental flaw of the use of the coefficient of determination (R2). R2 must increase for each additional independent variable, regardless of whether the variable has a significant effect on the dependent. Therefore, many researchers advise using the Adjusted R2 Square value to determine the best regression model. The results of the determination test determined the adjusted R2 value as shown in table 4.8.

Table 9. Test of Determination

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.297a	.088	.071	1.203731	1,776

a. Predictors: (Constant), Ln_Size, Ln_AT, Ln_WL

b. Dependent Variable: Ln_ABSDA

Source: Data processed by researchers, 2022

Table 4.8 above shows the results of the determination test that the adjusted R square value is 0.071 which means that 7.1% of the audit quality can be explained by the variables of audit tenure, workload, and company size while the remaining 92.9% (100% - 7,1%) is explained by other variables outside the model.

Discussion

This study examines the effect of audit tenure, workload, and company size on audit quality in infrastructure, utilities, and transportation sector companies listed on the Indonesia Stock Exchange for the period 2018 – 2020.

Effect of Tenure Audit Quality on Audit

According to the findings of this study, audit tenure has no effect on audit quality. This indicates that H1 is not supported, which means that the length of the audit engagement has no effect on the audit's quality, either positively or negatively. The length of the audit engagement between the company (client) and the auditor can provide the auditor with a deeper understanding of the company, but this does not necessarily result in higher quality audited results. The competency of the auditor who conducts the audit can have an impact on the audit's quality.

According to the research data, the average audit tenure in this study is 1.87 years. This indicates that the majority of audit engagements between clients and auditors have entered their first year, while a few have entered their second. This information indicates that the auditor's understanding of the company's condition is still in its infancy, and that he or she does not yet have a thorough understanding of the company's information and accounting systems. As the duration of the audit engagement is still relatively short and the auditor's understanding of the company's condition is still in its infancy, this may be one of the factors preventing audit quality from experiencing significant changes.

This study's findings are supported by Suwarno et al(2020) .s findings that the audit engagement period (audit tenure) is not a determinant of whether the audit results will be of high quality. At the outset of the audit engagement, the auditor is responsible for determining the client's industry. During the audit process, the auditor will collect as much information as possible regarding the business activities of the client company, so that along with the audit, the auditor will have a thorough understanding of the client company. Length of the audit engagement time (audit tenure) does not guarantee that the auditor will become more familiar with the client company because the auditor must be introduced to the client at the outset of the audit engagement in order to audit professionally and minimize errors.

Effect of Audit Workload on Quality

This study found that audit quality is affected by audit workload. This indicates that H2 is accepted, which means that the auditor will maintain his professionalism and the quality of the audit will be maintained even if he is under greater pressure due to an increased workload.

Workload (Workload) displays the auditor's workload. The auditor's workload can be determined by the number of clients he or she must manage or the limited time available to conduct the audit process. The volume of work performed by auditors can diminish audit quality. Consequently, KAP must consider the workload of an auditor. The government should consider beginning to regulate each KAP's workload. In addition, the audit committee's role must be expanded because it has been shown to mitigate the negative correlation between audit workload and audit quality (Setiawan & Fitriany, 2011).

The findings of this study are supported by the findings of Isaac et al. (2015) and Suciati & Triani (2019), who discovered that audit quality was positively affected by workload. Due to the increasing number of workloads owned by an auditor or KAP,

audit quality will also increase. This is due to the professionalism of the auditors, who continue to strive for superior performance.

The findings of research conducted by Diana and Majidah (2019) indicate that auditors' performance improves proportionally to their workload. In accordance with the measurement of audit quality in this study, as measured by auditors with industry specializations, auditors with industry specializations are deemed to have good abilities in detecting and reporting errors and fraud due to their workload experience. These skills and experiences make auditors more professional in their auditing of businesses, so the auditors' workload can further enhance their professionalism in producing high-quality audits.

Influence of Company Size on Audit Quality

According to the findings of this study, the size of the company has an effect on the audit's quality. This indicates that H3 is acceptable. Company size (SIZE) is a scale used to measure the size of a company based on its total assets, sales, and market capitalization from a financial perspective.

The findings of this study are supported by research conducted by Sari and Zulfiati (2020), which indicates that the size of the client company has a positive effect on audit quality, i.e., the larger the company, the higher the audit quality. Large organizations have a tendency to select high-quality KAPs to enhance their credibility, thereby enhancing audit quality. Manik & Laksito (2019) demonstrate that the size of a company has a significant positive effect on the audit's quality. The company will continue to strive to improve its internal control as its size increases. Consistent with this, it is likely that the number of agencies will increase as a result of the increasing complexity of the company's operations; consequently, management and owners require effective control to ensure the company's survival. Good internal control greatly facilitates the auditor's work, allowing them to more easily enhance the audit's quality.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This study is intended to empirically examine the effect of audit tenure, workload, and firm size on audit quality in infrastructure, utilities, and transportation sectors listed on the Indonesia Stock Exchange period 2018 – 2020. The data of this research is secondary data obtained from the financial statements of the companies that are the research sample. The required data were collected and tabulated in Excel, then processed using the SPSS 25.0 data processing program with multiple regression analysis. Based on the results of data processing, statistical results are obtained that can be used as hypothesis testing proposed in this study. Some of the conclusions of this study are as follows:

1. Audit tenure has no effect on audit quality. The length of audit tenure does not have a significant effect on the quality of the resulting audit. The length of the audit engagement between the company (client) and the auditor will be able to provide a deeper understanding for the auditor about the company, but this does not automatically lead to higher quality audited results. One of the audit quality itself can be influenced by the competence of the auditor who performs the audit.
2. Workload affects audit quality. Auditors who have an increasingly heavy workload and increasingly limited time due to the increasing number of clients will have better time management, so that the available time can be used as effectively and efficiently as possible. Audit work that has been well planned will still provide maximum results, so that the increased workload does not cause the auditor to sacrifice the quality of his audit work, but can still maintain the good name and quality of the resulting audit.

3. Firm size has an effect on audit quality. Companies that are larger in terms of assets tend to have good internal control, so this can facilitate the auditor's task in conducting audits. The larger the company's assets, the more the company will try to protect its assets from the risk of loss, so that the company will implement better supervision. This can reduce the risk of errors in financial reporting, so that the auditor will find it easier to audit because the company already has a good system.

Suggestion

Based on the various limitations of this study resulted in several suggestions that are expected to be used in further research, including:

1. For the next researcher can expand the research sample in other company sectors because this research sample is only limited to company *infrastructure, utilities, and transportation* listed on the Indonesia Stock Exchange.
2. Future research is expected to extend the research period. The longer the observation time interval, the greater the opportunity to obtain accurate and reliable information. This is done so that the results of the study can describe a stronger influence between the independent variables on the dependent variable.
3. Further researchers can add several other independent variables that are thought to have an influence on audit quality. This is done so that the research results can have a higher coefficient of determination. The independent variables that can be added to further research such as audit fees (Sari & Zulfiati, 2020), audit rotation (Qintharah, 2020), auditor type (Manik & Laksito, 2019), company performance (Beads & Laksito, 2019), gear ratio (Beads & Laksito, 2019), kap reputation (Ismail, 2019), auditor specialization (Jannah, 2018), antecedent (Suyanto et al., 2018), the consequences of audit delay (Suyanto et al., 2018), auditor switching (Muliawan & Sujana, 2017), specialty in the cap industry (Pertiwi et al., 2016), age of publication (Paramita & Latrini, 2015), and management change (Paramita & Latrini, 2015).

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