IKATAN AKUNTAN INDONESIA – KOMPARTEMEN AKUNTAN PENDIDIK WILAYAH SUMATERA UTARA
FORUM DOSEN AKUNTANSI PERGURUAN TINGGI (FDA-PT)
SIMPOSIUM ILMIAH AKUNTANSI 7

DETERMINANTS OF AUDIT QUALITY IN STATE OWNED ENTERPRISES ON THE INDONESIA STOCK EXCHANGE MODERATED BY AUDITOR COMPETENCE

Nova Yudhi Irianto[1], Nurmala Ahmar[2], JMV Mulyadi[3]

Universitas Pancasila, Indonesia

ARTICLE INFO

Article history:
Received: 15 November 2025
Revised: 20 Januari 2026
Accepted: 25 Januari 2026

Keywords:
Audit Quality
Audit Tenure
Audit Rotation
Audit Fee
Entity Scale
Auditor Competence

Corresponding Author:
Nova Yudhi Irianto
Pancasila University
Jakarta, Indonesia
kja.yudhi@gmail.com

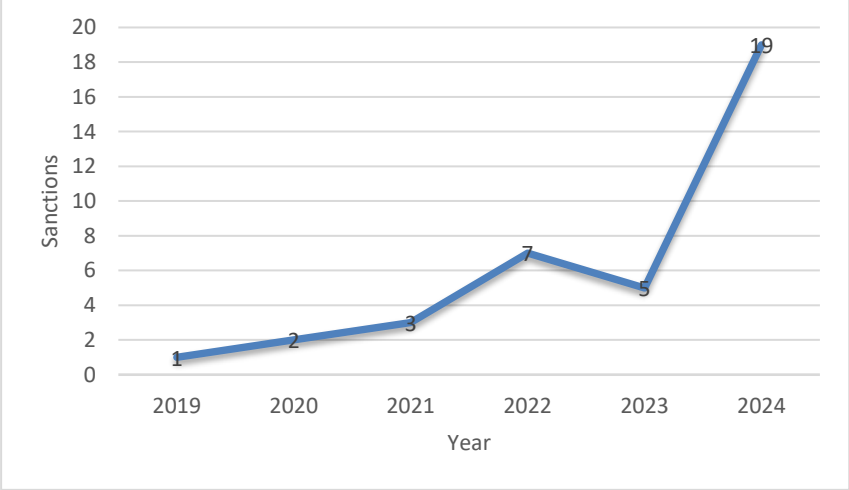
ABSTRACT

This study aims to analyze the influence of Audit Tenure, Audit Rotation, Audit Fee, and Entity Scale on Audit Quality, as well as to analyze the moderating role of Auditor Competence in the influence of Audit Tenure, Audit Rotation, Audit Fee, and Entity Scale on Audit Quality in state-owned companies in Indonesia. The study population was 24 state-owned companies listed on the Indonesia Stock Exchange. The number of samples was the same as the population of 24 state-owned companies listed on the Indonesia Stock Exchange. The data used were secondary data with a total of 144 observational data. Sample collection used a purposive sampling method while for data analysis, Structural Equation Modeling - Partial Least Square (SEM-PLS) was used with the Smart PLS 3 analysis tool. The results of the study proved that Audit Fee and Entity Scale influenced Audit Quality, while Audit Tenure and Audit Rotation did not influence Audit Quality. While Auditor Competence was proven to play a role in moderating the influence of Audit Fee and Entity Scale on Audit Quality, while Auditor Competence was not proven to play a role in moderating the influence of Audit Tenure and Audit Rotation on Audit Quality.

INTRODUCTION

Audit quality plays a vital role in ensuring the reliability of financial information, especially in the context of public entities such as State-Owned Enterprises (SOE) which manage large funds and have a systemic impact on the national economy. However, in recent years, serious concerns have emerged about the quality of audits conducted by SOE. One indication is the increasing number of sanctions imposed by the Financial Services Authority (OJK) and the Center for Financial Professional Development (P2PK) on Public Accountants or Public Accounting Firms for audit violations. Data from 2019 to 2024 shows a significant spike in sanctions, with 19 Public Accountants license suspensions, compared to the previous five years. This phenomenon demonstrates a weak audit quality control process, particularly for strategic entities such as SOE. Several SOE financial statements audited by public accounting firms have been found to be problematic, including the financial statements of PT Waskita Karya (Tbk), which were audited by KAP Crowe Indonesia, also known as Kosasih, Nurdiyaman, Mulyadi, Tjahyo, and Rekan (a member of Crowe Horwath

International). Crowe Indonesia is listed as the auditor of PT Waskita Karya (Tbk)'s financial statements for the 2021 and 2022 financial years. This isn't the first time Crowe Indonesia has been implicated in alleged financial reporting fraud. They previously audited the annual financial statements of PT Asuransi Adisarana Wanaartha, also known as Wanaartha Life, for the 2014-2019 period. On February 24, 2023, the Financial Services Authority (OJK) decided to revoke Crowe Indonesia's registration. This sanction resulted from the investigation into the Wanaartha Life case. Perhaps the biggest scandal in the Indonesian financial market in 2018 involved PT Garuda Indonesia (Persero) Tbk (GIAA), a state-owned airline that is the pride of the Indonesian nation. The GIAA case in 2018 served as clear evidence of how financial reports containing revenue manipulation failed to be detected by independent auditors. Consequently, both the auditors and the public accounting firms involved were subject to severe administrative sanctions, including suspension of their practice licenses.



Picture 1
Public Accountants Sanctions Trends
Source: https://pppk.kemenkeu.go.id

Public trust in SOE audit results is also showing signs of decline. According to a 2023 Indonesian Political Indicators survey, only 52% of the public believes that SOE financial reports have been audited objectively. Meanwhile, a PwC Indonesia survey of institutional investors found that less than half (48%) of investors believe that SOE audits are free from conflicts of interest.

Over the past five years, studies on audit quality have experienced significant development, particularly in examining the determinants influencing the quality of audit results in corporate financial statements. Previous studies have consistently identified variables such as audit tenure, audit rotation, audit fee, and entity scale as important factors. However, findings regarding the influence of these variables on audit quality have been inconsistent. For example, studies by Zulyazen & Solihin (2024) and Madalena et al. (2023) found that audit tenure and audit rotation had a positive effect on audit quality.

Conversely, studies by Ningsih et al. (2023) and Vidhiyanty et al. (2022) showed no significant effect of these two variables on audit quality. This inconsistency is also evident in the audit fee variable, where studies such as Luvena et al. (2022) and Firmansyah & Febriyani (2023) found a significant effect, while studies by Farid & Baradja (2022) and Mutia et al. (2022) showed the opposite results. Furthermore, most previous studies have only examined direct linear relationships between variables, without considering the role of moderating variables that can strengthen or weaken this influence. However, the complexity of today's audit practices requires a more comprehensive analytical approach. One important variable that has not been widely explored as a moderator is auditor competence. Lestari & Ardiami (2024) and Pane et al. (2021) show that auditor competence plays a significant role in improving audit quality, but few studies have explicitly tested competence as a moderating variable in a structural model involving other determinants of audit quality.

Thus, the novelty of this study lies in two main aspects: first, it simultaneously examines the influence of audit tenure, audit rotation, audit fees, and entity scale on audit quality in the SOE with specific characteristics such as government control and public ownership. Second, it uses auditor competence as a moderating variable, a practice rarely employed in previous research. This approach is expected to provide a deeper understanding of how audit quality is influenced by a combination of structural factors and auditor professionalism, particularly in Indonesia's strategic public sector.

Given the the previously mentioned background, certain topics may be considered as key concerns or challenges in this research. Some of the identified issues include: low audit quality in Indonesian public accounting firms based on the increasing number of regulatory sanctions in 2023-2024, the occurrence of undetected manipulation of SOE financial statements by auditors, and several gaps in previous research findings regarding the influence of audit tenure, audit rotation, audit fees, and entity scale on audit quality. Therefore, the purpose of this study is to analyze the significant influence of audit tenure, audit rotation, audit fee and entity scale on audit quality in SOE moderated by auditor competence.

A crucial aspect of research lies in the tangible benefits that can be felt or implemented after the research findings are disclosed. The expected benefits of this research are: contribute to the strengthening aspect of agency theory and stakeholders regarding the role of auditor competence as a moderating variable in audit research, provide information to shareholders, investors, creditors and other users of financial statements regarding elements that can affect audit quality, thereby helping them make informed decisions, provide input to public accounting firms in improving the internal quality control system, evaluation material for regulators (OJK and P2PK) in formulating stricter audit policies, and assist SOE in determining auditor rotation policies to prevent manipulation of financial reports.

LITERATURE REVIEW

Grand Theory-Stakeholder Theory

Stakeholder theory, introduced by Freeman (1984), states that companies are accountable to all parties with an interest in their activities, not just shareholders. In the context of audit quality research, this theory is relevant because high-quality audits can increase the trust and satisfaction of various stakeholders. High-quality audits ensure accurate financial reporting, which is important to all stakeholders, and enhance transparency and trust.

Grand Theory -Agency Theory

According to Jensen and Meckling (1976), agency theory is a contract between a principal and an agent that assigns specific obligations to the agent, in exchange for the principal granting decision-making authority to the agent. Therefore, agency theory is commonly applied in the context of the relationship between management and shareholders in a company, where management acts as the agent and shareholders as the principal (Nuladani & Saputra, 2024). Krisyadi & Noviyanti (2022) added that prioritizing self-interest above all else leads to information asymmetry and conflict between the agent and the principal. Therefore, the agent (company management) requires the services of an auditor to ensure the accuracy of the financial statements presented by the company's management.

Middle Theory

A financial statement audit is a rigorous and impartial examination performed by a skilled auditor to assess and ensure the accuracy, dependability, and compliance of an organization with relevant accounting standards and sound accounting principles.

Applied Theory

Definition of Audit Quality (Variable Y)

Audit quality is a condition where the auditor in carrying out the audit must be able to provide assurance to users of financial reports that the audited report is free from material misstatements and fraud. The audit quality variable in this study is proxied by earnings management, measured through discretionary accruals and calculated using the Modified Jones Model. The Modified Jones Model can detect earnings management better than other models, in line with the research results of Dechow et al. (1995).

Definition of Audit Tenure (Variable X1)

Audit tenure refers to the duration of the auditor's engagement with the client in providing the agreed audit services. Audit tenure is measured by the frequency of engagements performed by the public accounting firm at the client company. The engagement period begins in the first year with the

number 1 (one), and each subsequent year is increased by 1 (one) (Effendi & Ulhaq, 2021).

Definition of Audit Rotation (Variable X2)

Audit rotation refers to the process of changing the public accounting firms responsible for conducting audits on behalf of a company. The Audit Rotation variable according to (Prassetio, W. M., & Damayanti, R., July 2022.) is a dummy variable with a value of 1 or 0. A value of 1 indicates that the client company has implemented changes to the public accounting firms, while a value of 0 indicates that no changes to the public accounting firms have been implemented by the client company.

Definition of Audit Fee (Variable X3)

Researcher used a ratio measurement scale using the Log.N (natural logarithm) formula to measure audit fee. This involves calculating the natural logarithm of the total professional fees reported in the financial statements (Prassetio, W. M., & Damayanti, R., July 2022).

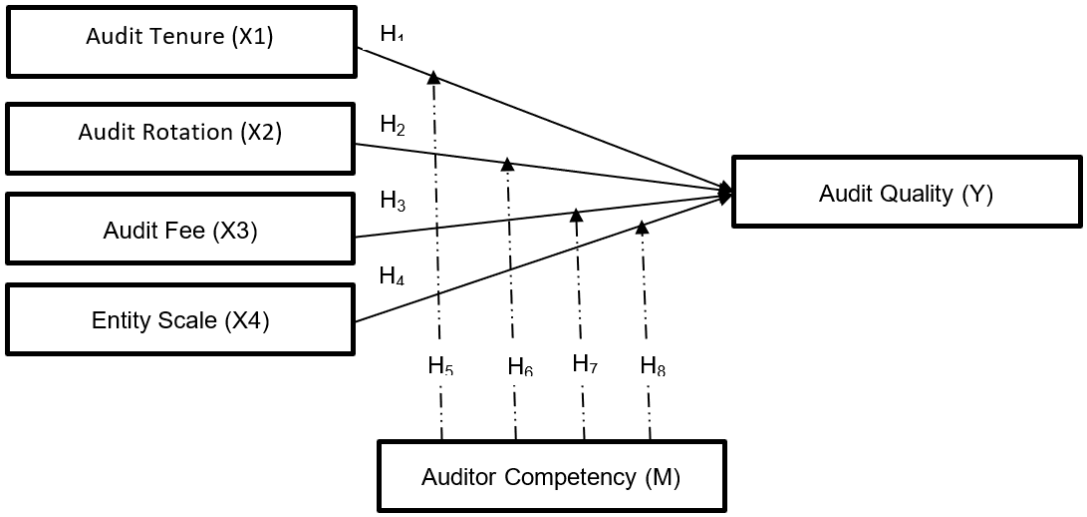
Definition of Entity Scale (Variable X4)

Entity scale can be determined by the total assets owned by the company which are used for its operational activities. This variable is derived using the natural logarithm formula to determine the overall asset value of a company (Effendi & Ulhaq, 2021).

Definition of Auditor Competence as Moderation

Auditor competency refers to the specific knowledge and skills required to produce high-quality audit reports (Arens et al., 2012). The public accountant competency factor is represented by a ratio variable. Code 1 indicates that the public accountant who certified the audit report has one professional certification, code 2 indicates that the public accountant who certified the audit report has two professional certifications, and so on.

The research framework focuses on the factors of audit tenure, audit rotation, audit fees, entity scale, and auditor competence on audit quality. This is based on theoretical studies and supported by previous research. This study specifically examines SOE listed on the Indonesia Stock Exchange (IDX) from 2019 to 2024.



Picture 2
Research Framework
Source: Article/journal references

The hypothesis proposed are as follows:
H1: Audit tenure has a significant effect on audit quality.
H2: Audit rotation has a significant effect on audit quality.
H3: Audit fee has a significant effect on audit quality.
H4: Entity scale has a significant effect on audit quality.
H5: Auditor competence significantly moderates the effect of audit tenure on audit quality.
H6: Auditor competence significantly moderates the effect of audit rotation on audit quality.
H7: Auditor competence significantly moderates the effect of audit fees on audit quality.
H8: Auditor competence significantly moderates the effect of entity scale on audit quality

RESEARCH METHODS

Research Design

This study employed a descriptive quantitative research design. The SEM-PLS analysis method was chosen based on its ability to process complex data with relatively small sample sizes and its suitability for testing research models containing moderating relationships.

Research Population and Sample

The population in this study is SOE listed on the Indonesia Stock Exchange in 2019 – 2024, consisting of 24 companies. A research sample is a subset of the population and its characteristics that meet the sample selection criteria according to Sugiyono (2015:118). The sample determination in this study used purposive sampling, a technique that uses certain considerations and limitations

to determine whether the selected sample is relevant to the research objectives. Based on these criteria, the companies selected as samples in this study are as follows.

Table 1
Research Sample

No	Criteria	Sample
1	SOE listed on the Indonesia Stock Exchange in 2019-2024	24
2	SOE were delisted from the Indonesia Stock Exchange during the 2019-2024 period	0
3	SOE published incomplete annual financial reports during the 2019-2024 period	0
4	SOE disclosed incomplete data related to research variables during the 2019-2024 period.	0
Number of SOE that meet the sample criteria		24
Total observation data for 6 years		144

Source: https://www.idx.id

From the table above, it can be concluded that the selected sample size was 144 financial reports from 24 companies for the 2019-2024 period. The list of SOE that met the sample criteria can be seen in the following table:

Table 2
SOE Listed on the Indonesia Stock Exchange

No	Code	SOE Name
1	BBRI	PT Bank Rakyat Indonesia Tbk
2	BBNI	PT Bank Negara Indonesia Tbk
3	BMRI	PT Bank Mandiri Tbk
4	BBTN	PT Bank Tabungan Negara Tbk
5	PGAS	PT PGN Tbk
6	PTBA	PT Bukit Asam Tbk
7	ELSA	PT Elnusa Tbk
8	ANTM	PT Aneka Tambang Tbk
9	TINS	PT Timah Tbk
10	SMGR	PT Semen Indonesia Tbk
11	SMBR	PT Semen Baturaja Tbk
12	WSKT	PT Waskita Karya Tbk
13	ADHI	PT Adhi Karya Tbk
14	WIKA	PT Wijaya Karya Tbk
15	PTPP	PT Pembangunan Perumahan Tbk
16	WTON	PT Wijaya Karya Beton Tbk
17	PPRO	PT PP Properti Tbk
18	JSMR	PT Jasa Marga Tbk

19	TLKM	PT Telekomunikasi Indonesia Tbk
20	KRAS	PT Krakatau Steel Tbk
21	WSBP	PT Waskita Beton Precast Tbk
22	GIAA	PT Garuda Indonesia Tbk
23	KAEF	PT Kimia Farma Tbk
24	INAF	PT Indofarma Tbk

Source: https://www.idx.id

Research Variables

Table 3

SOE Listed on the Indonesia Stock Exchange

Variable	Definition	Calculation Formula	Scale	Reference
Dependent				
Audit Quality	Audit quality is a condition where the auditor in carrying out the audit must be able to provide assurance to users of financial reports that the audited report is free from material misstatements and fraud.	Audit quality measurement in this study is conducted through discretionary accruals as a proxy. The higher the discretionary accruals, the lower the audit quality, and vice versa. Calculation Formula: DAit = (TACit/Ait-1) – NDAit	Ratio	Fahruroji, D., Cheisviyanny, C., Septiari, D (2022)
Independent				
Audit Tenure	Audit Tenure is the length of the auditor's engagement with the client in providing agreed audit services.	The number of engagements performed by the same audit firm within the organization is used as the audit tenure metric. The term of the engagement begins with the first year with the number 1 (one), and each year thereafter is added by 1 (one) number.	Ratio	Effendi & Ulhaq (2021)
Audit Rotation	Audit Rotation is a change of public accounting firm carried out by the company.	The audit rotation variable uses a dummy variable, the value is only 1 or 0. A value of 1 here indicates that there is a change in the public accounting firm carried out by the client company and a value of 0 if there is no change in the public accounting firm carried out by the client company.	Dummy	Prassetio, W. M., & Damayanti, R. (July 2022.).
Audit *Fee*	Audit fee is the amount of fees charged by the auditor to the company (auditee) in the audit process.	Log.N formula (natural logarithm) of total professional fees in financial reports	Ratio	Prassetio, W. M., & Damayanti, R. (July 2022.).

Entity Scale	Entity scale is seen from the total assets owned by the company, which can be used for the company's operational activities.	Log.N (natural logarithm) formula for the total value of company assets	Ratio	Effendi & Ulhaq (2021)
Moderation				
Auditor Competence	Auditor competence refers to the specific knowledge and skills required to produce high-quality audit reports.	Code 1 indicates that the Public Accountant who certified the audit report has 1 professional certification, code 2 indicates that the Public Accountant who certified the audit report has 2 professional certifications and so on (Certified Public Accountant (CPA), Chartered Accountant (CA), ASEAN Chartered Professional Accountant (ACPA), and Certified Financial Investigator (CFI) certifications)	Ratio	Lestari, A. D., & Ardiami, K. P. (2024)

Source: Article/journal references

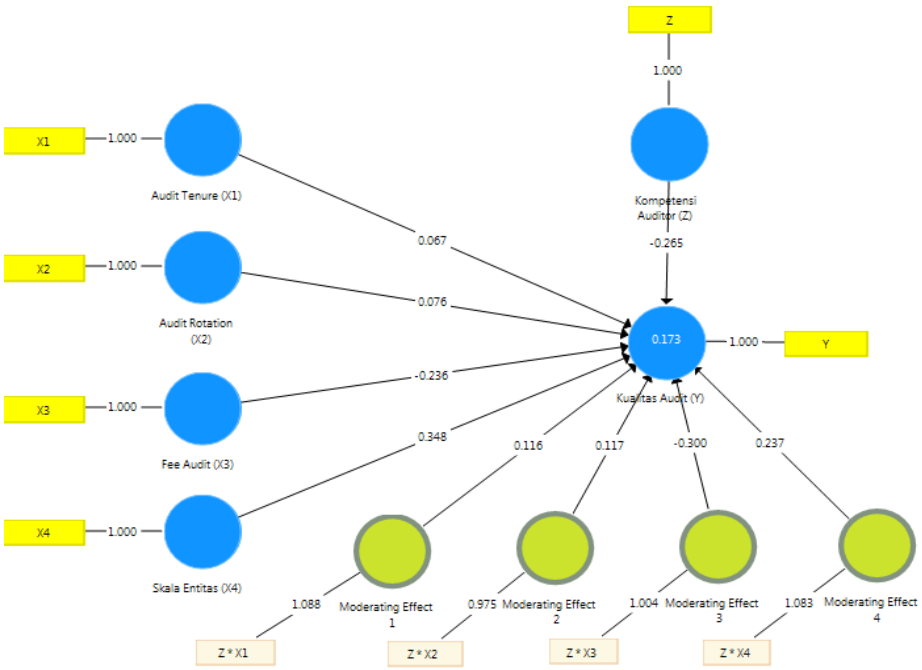
Data Analysis

The data analysis method used in this study is moderation analysis using SEM-PLS, which aims to determine whether the moderating variable will weaken or strengthen the relationship between the independent variable and the dependent variable. There are three stages in testing with moderating variables:

Stage 1, data analysis, involves entering all financial report data and testing for convergent validity, discriminant validity, and significance. Measurement model evaluation involves evaluating the relationship between constructs and their indicators. The PLS measurement evaluation model is based on predictive measurements, which are non-parametric in nature. The measurement model, or outer model, with reflective indicators is evaluated using convergent and discriminant validity of its indicators and composite reliability for the block indicators (Sholekhah, 2018). From the test output results, the loading factor of each relationship between indicators and their constructs has an indicator value above 0,70 so that all indicators are valid and there are no values below 0,70.

The next stage is the second examination by examining the composite reliability and Cronbach's alpha values. Based on the calculation results, the composite reliability and Cronbach's alpha for all exogenous and endogenous constructs are highly reliable, with values above 0,70, indicating good validity and reliability.

The third test examines the Average Variance Extracted (AVE) value, where constructs with good validity must have an AVE value above 0,50. The test results show that the AVE value for each construct is above 0,50.



Picture 3
SmartPLS Output
Source: Processed with Smart-PLS

After evaluating convergent validity, the next step is to test discriminant validity. Discriminant validity is performed to ensure that each concept within each latent variable is distinct from the other variables. The following are the results of the discriminant validity calculation:

Table 4
Discriminant Validity Output

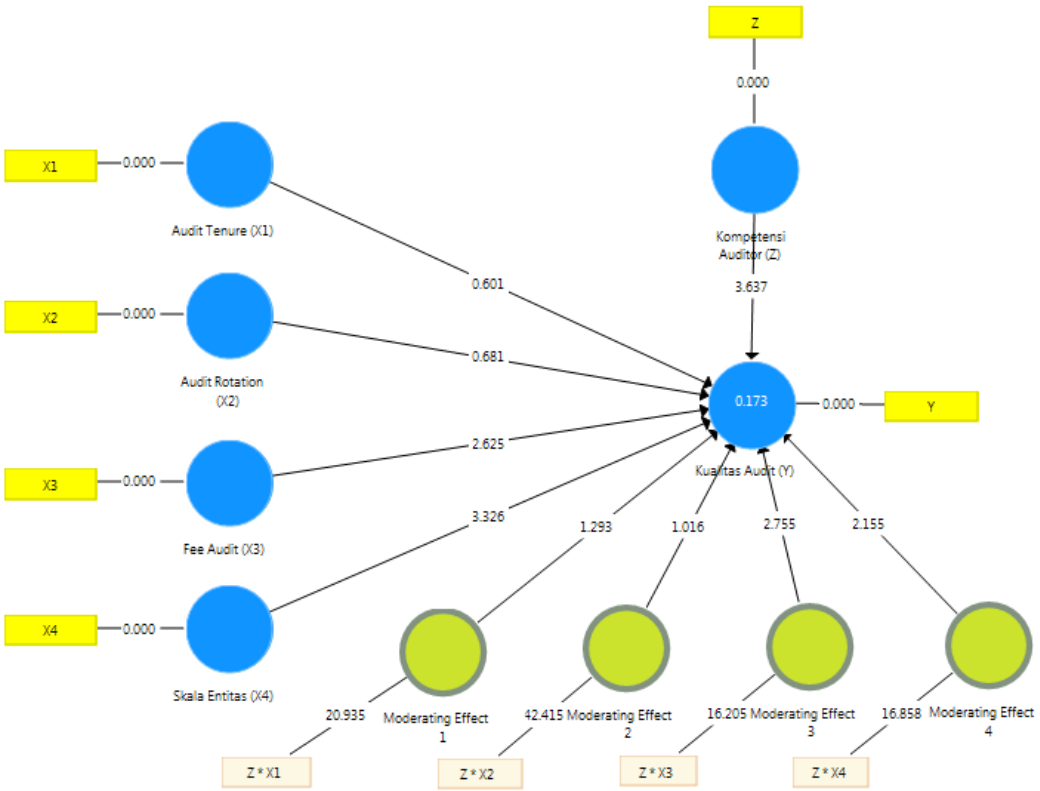
	Audit *Rotation* (X2)	Audit *Tenure* (X1)	Audit *Fee* (X3)	Auditor Competence (Z)	Audit Quality (Y)	*Moderating Effect* 1	*Moderating Effect* 2	*Moderating Effect* 3	*Moderating Effect* 4	Entity Scale (X4)
Audit *Rotation* (X2)	1,000									
Audit *Tenure* (X1)	-0,737	1,000								
Audit *Fee* (X3)	-0,085	0,114	1,000							
Auditor Competence (Z)	0,040	-0,114	-0,020	1,000						
Audit Quality (Y)	0,018	0,012	0,027	-0,263	1,000					
Moderating Effect 1	0,059	-0,169	0,014	0,165	-0,008	1,000				
Moderating Effect 2	0,018	0,066	-0,044	-0,115	0,033	-0,734	1,000			
Moderating Effect 3	-0,043	0,016	-0,092	0,044	-0,118	0,176	-0,201	1,000		
Moderating Effect 4	-0,022	-0,052	-0,050	0,020	0,023	0,290	-0,339	0,757	1,000	
Entity Scale (X4)	-0,099	0,085	0,702	0,007	0,182	-0,052	-0,024	-0,053	-0,017	1,000

Source: Processed with Smart-PLS

Another way to test the outer model is by comparing the square root of the AVE value of a construct with the correlation value between other constructs, also known as discriminant validity. If the square root of the AVE value is higher than the correlation value between other constructs, then it can be concluded that the construct has a good level of discriminant validity (Sholekha,

2018). Table 4 shows that several loading factor values for several latent variables have higher loading factor values for the intended constructs compared to other construct loading values when related to other latent variables. This indicates that each latent variable has good discriminant validity because the correlation value of the indicator with its construct is higher than the correlation value of the indicator with other constructs. A good loading factor value is considered to be above 0,5 (Ghozali, 2014).

The next step is to test the value of the outer model or measurement model (Sholekha, 2018). The following is the Bootstrapping output:



Picture 4
Model Struktural Bootstrapping SmartPLS Output
Source: Processed with Smart-PLS

The test results are visualized in Picture 4 and the structural model equation obtained is as follows:

Y = 0,601X1 + 0,681X2 + 2,625X3 + 3,326X4 + 20,935 (Z x X1) + 42,415 (Z x X2) + 16,205 (Z x X3) + 16,858 (Z x X4) + ε

Variable Description:
X1 = Audit Tenure
X2 = Audit Rotation
X3 = Audit Fee
X4 = Entity Scale

Z = Auditor Competence (Moderation)
Y = Audit Quality
ε = Error/Residual

Table 5
R Square Adjusted

	R Square	R Square Adjusted
Audit Quality(Y)	0,173	0,117

Source: Processed with Smart-PLS

The Inner Model shows the relationship between constructs and significance values and Adjusted R Square values. Based on the output results above, the Adjusted R Square Model value is 0.117. This means that the ability of exogenous variables to explain Y is 11.7% (small), so it is said that the ability of Audit Tenure, Audit Rotation, Audit Fee, and Entity Scale variables to influence Audit Quality is small, namely 11.7%, while the remaining 88.3% is the influence of other independent variables that are not measured in this study, including Auditor Independence, Public Accounting Firm Size, Auditor Experience, Auditor Integrity, and external conditions such as Regulation and Business Environment.

The Outer Model (Measurement Model) aims to predict causal relationships between variables or test hypotheses by indicating the level of significance. In SmartPLS, the outer model score, indicated by the T-Statistic value, should be above 1.96 for a two-tailed hypothesis and above 1.64 for a one-tailed hypothesis for hypothesis testing at a 5 percent alpha value (Jogiyanto, 2009). The results of the Path Coefficients and significance test are as follows:

Table 6
Path Coefficients Output

Construct	*Original Sample (O)*	*T-Statistic*	*P-Values*	Conclusion
Audit Tenure (X1) → Audit Quality (Y)	0,067	0,601	0,548	H_1 not accepted
Audit Rotation (X2) → Audit Quality (Y)	0,076	0,681	0,496	H_2 not accepted
Audit Fee (X3) → Audit Quality (Y)	-0,236	2,625	0,009	H_3 accepted
Entity Scale (X4) → Audit Quality (Y)	0,348	3,326	0,001	H_4 accepted
Moderating Effect 1 → Audit Quality (Y)	0,116	1,293	0,197	H_5 not accepted
Moderating Effect 2 → Audit Quality (Y)	0,117	1,016	0,310	H_6 not accepted
Moderating Effect 3 → Audit Quality (Y)	-0,300	2,755	0,006	H_7 accepted
Moderating Effect 4 → Audit Quality (Y)	0,237	2,155	0,032	H_8 accepted

Source: Processed with Smart-PLS

RESEARCH RESULTS AND DISCUSSION

Hypothesis 1 Testing: Audit Tenure has a significant effect on Audit Quality

The results of the hypothesis testing show that there is a positive influence of Audit Tenure on Audit Quality, but the influence is not significant, so Hypothesis

1 is not accepted (coefficient 0.067, p-values 0.548 > 0.05, t-statistic value 0.601 < 1.96).

In relation to Stakeholder Theory and Agency Theory, a longer relationship can provide a positive signal for audit quality because the auditor has a deeper understanding of the client's business, enabling more effective and accurate audits. This has the potential to increase the auditor's trust and reputation, as well as the credibility of financial information for stakeholders. However, despite the positive effect of audit tenure on audit quality, research shows that this effect is often insignificant. This could be due to the fact that a long relationship can also threaten auditor independence, making the impact on audit quality less strong or even statistically insignificant.

Hypothesis 2 Testing: Audit Rotation has a significant effect on Audit Quality

The results of the hypothesis testing indicate a positive effect of audit rotation on audit quality, but the effect is not significant, so hypothesis 2 is not accepted (coefficient 0.076, p-value 0.496 > 0.05, t-statistic 0.681 < 1.96).

In relation to Stakeholder Theory and Agency Theory, audit rotation is expected to maintain auditor independence, prevent prolonged closeness between auditors and management, and increase stakeholder confidence in financial reporting. However, the positive effect of audit rotation on audit quality is often not statistically significant. This is because auditor rotation also brings challenges, such as new auditors not fully understanding the company's conditions and risks, which does not automatically improve audit quality.

Hypothesis 3 Testing: Audit Fees have a significant effect on Audit Quality

The results of the hypothesis testing indicate a negative and significant effect of audit fees on audit quality, thus accepting hypothesis 3 (coefficient -0.236, p-value 0.009 < 0.05, t-statistic 2.625 > 1.96).

In relation to Stakeholder Theory and Agency Theory, when audit fees received by auditors are too high, this can create economic dependence on the client, which threatens the auditor's independence and objectivity. This dependence can lead auditors to commit irregularities by tolerating violations or not performing in-depth audit procedures to maintain business relationships with clients. As a result, audit quality declines because auditors are less free to critically evaluate financial statements. Research shows that very high audit fees can have a significant negative impact on audit quality by decreasing the auditor's professionalism and independence.

Hypothesis 4 Testing: Entity Scale has a significant effect on Audit Quality

The results of the hypothesis testing indicate a positive and significant effect of Entity Scale on Audit Quality, thus accepting Hypothesis 4 (coefficient 0.348, p-value 0.001 < 0.05, t-statistic 3.326 > 1.96).

In relation to Stakeholder Theory and Agency Theory, large-scale entities are expected to provide more accurate and reliable financial information to meet stakeholder expectations. Larger entities typically have greater resources

to support comprehensive and in-depth audits. Auditors will also be encouraged to improve their audit quality to maintain their reputation and the trust of various stakeholders. Research provides evidence that the influence of entity scale on audit quality is significant, especially if the auditors conducting the audit are highly competent.

Hypothesis 5 Testing: Auditor Competence significantly moderates the effect of Audit Tenure on Audit Quality

The results of the hypothesis testing indicate that there is a positive moderating effect on audit quality. Auditor competence functions as a moderating factor that strengthens the influence of Audit Tenure on Audit Quality, but the effect is not significant, so Hypothesis 5 is not accepted (coefficient 0.116, p-values 0.197 > 0.05, t-statistic value 1.293 < 1.96).

In relation to Stakeholder Theory and Agency Theory, Auditor Competence can improve the auditor's ability to carry out audit tasks effectively, especially during Audit Tenure or the auditor's engagement period with the client. This competency helps the auditor better understand the company's condition and perform audit procedures more carefully. However, although this competency can strengthen the relationship between the duration of the auditor's engagement (Audit Tenure) and Audit Quality, the overall effect of this interaction on Audit Quality does not always show strong statistical significance. Conflicts of interest arising from excessively long Audit Tenure can reduce auditor independence, so that even if the auditor is competent, excessive closeness can reduce the auditor's objectivity. This causes the moderating effect of Auditor Competence on the relationship between Audit Tenure and Audit Quality to be less significant due to the complex factors of independence and stakeholder trust.

Hypothesis 6 Testing: Auditor competence significantly moderates the effect of Audit Rotation on Audit Quality

The results of the hypothesis testing indicate that there is a positive moderating effect on audit quality. Auditor competence functions as a moderating factor that strengthens the influence of Audit Rotation on Audit Quality, but the effect is not significant, so Hypothesis 6 is not accepted (coefficient 0.117, p-values 0.310 > 0.05, t-statistic value 1.016 < 1.96).

In relation to Stakeholder Theory and Agency Theory, Auditor Competence can improve an auditor's ability to conduct an audit effectively during audit rotation, but it does not significantly impact audit quality. This could be due to other factors, such as the time required for a new auditor to adapt and the risk of a decreased understanding of the client, which also impact audit quality.

Hypothesis 7 Testing: Auditor competence significantly moderates the effect of Audit Fees on Audit Quality

The results of the hypothesis testing indicate a negative moderating effect on audit quality. Auditor competence serves as a moderating factor that weakens the influence of audit fees on audit quality, and its effect is significant, thus accepting Hypothesis 7 (coefficient -0.300, p-value 0.006 < 0.05, t-statistic 2.755 > 1.96).

In relation to Stakeholder Theory and Agency Theory, high audit fees tend to create a risk of auditor economic dependence on the client, which can reduce audit quality due to reduced independence. However, high auditor competence can weaken the negative impact of audit fees by increasing the auditor's ability to conduct audits objectively and thoroughly without being influenced by the economic pressures of audit fees. Research shows that the moderating effect of auditor competence on the relationship between audit fees and audit quality is significant. This reinforces the fact that although audit fees can have a negative impact, competent auditors are able to maintain audit quality to meet stakeholder expectations and needs.

Hypothesis 8 Testing: Auditor competence significantly moderates the effect of Entity Scale on Audit Quality

The results of the hypothesis testing indicate a positive moderating effect on audit quality. Auditor competence serves as a moderating factor, strengthening the influence of Entity Scale on Audit Quality, and its effect is significant, thus accepting Hypothesis 8 (coefficient 0.237, p-value 0.032 < 0.05, t-statistic 2.155 > 1.96).

In relation to Stakeholder Theory and Agency Theory, large-scale entities typically have higher resources and complexity, so audits must be conducted more carefully to meet the expectations of these stakeholders. In this context, auditor competence is crucial because competent auditors are able to better understand the complexity of large entities and conduct audits thoroughly and professionally. This auditor competence strengthens the positive influence of entity scale on audit quality because competent auditors can overcome the challenges arising from large entity scale and maintain high audit quality. Research supports that auditor competence as a moderating factor has a significant influence in strengthening the relationship between entity scale and audit quality.

CONCLUSION

Based on the analysis, the following conclusions can be drawn:

1. Audit tenure has a positive effect on audit quality, but the effect is not significant.
2. Audit rotation has a positive effect on audit quality, but the effect is not significant.
3. Audit fee has a negative effect on audit quality, and the effect is significant.
4. Entity scale has a positive effect on audit quality, and the effect is significant.

5. Auditor competence serves as a moderating factor that strengthens the effect of audit tenure on audit quality, but the effect is not significant.
6. Auditor competence serves as a moderating factor that strengthens the effect of audit rotation on audit quality, but the effect is not significant.
7. Auditor competence serves as a moderating factor that weakens the effect of audit fees on audit quality, and the effect is significant.
8. Auditor competence serves as a moderating factor that strengthens the effect of entity scale on audit quality, and the effect is significant.

This study still has several limitations, including the fact that the sample is limited to state-owned enterprises listed on the Indonesia Stock Exchange. Only four independent variables and one moderating variable are used in this study: audit tenure, audit rotation, audit fee, entity scale, and auditor competence as a moderator.

Suggestions for future researchers include adding other constructs suspected of influencing audit quality considerations. Future researchers are also expected to expand the sample to other companies listed on the Indonesia Stock Exchange to allow for greater generalization. It is hoped that this research will provide shareholders, investors, creditors, and other users of financial statements with information about the elements that can influence audit quality, thus assisting them in making informed decisions.

REFERENCES

Abid, A., Shaique, M., & Haq, M. A. (2018). Do Big Four Auditors Always Provide Higher Audit Quality? Evidence from Pakistan. https://doi.org/10.3390/ijfs6020058.

Angeline, S., & Salim, S. (Januari 2023). Pengaruh Audit Tenure, Auditor Industry Specialisation, Audit Firm Size terhadap Audit Quality. *Jurnal Multiparadigma Akuntansi.*, 445-455. https://pdfs.semanticscholar.org/d01f/3e245c243033fdde0e12668c44448dbc66cd.pdf.

Aprilady, S., Nasir, A., Hasan, M. A., & Natariasari, R. (2023). Kualitas Audit Ditinjau dari Independensi, Audit Tenure, Audit Fee dan Due Professional Care. *Jurnal Kajian Akuntansi dan Bisnis Terkini.*, pp, 356-368. https://garuda.kemdikbud.go.id/documents/detail/3716914.

Arens, A. A., Randal, S. B., & Amir, A. J. (2012). Jasa Auditing dan Assurance. Jakarta: Cetakan Pertama. Salemba Empat

Biri, S. F. (2019). Pengaruh Kompetensi, Independensi, dan Fee Audit Terhadap Kualitas Audit (Studi Kasus Kantor Akuntan Publik di Kota Yogyakarta). Akuntansi Dewantara, 3(2),, 106–118. https://doi.org/10.26460/ad.v3i2.3506.

Blandon, J. G., Bosch, J. M., & Ravenda, D. (2020). Audit Firm Tenure and Audit Quality: A Cross European Study. http://dx.doi.org/10.1111/jifm.12098.

Effendi, E., & Ulhaq, R. D. (2021.). Pengaruh Audit Tenure, Reputasi Auditor, Ukuran Perusahaan dan Komite Audit Terhadap Kualitas Audit. *JIMEA: Jurnal*

Ilmiah MEA. 2,, https://penerbitadab.id/pengaruh-audit-tenur-reputasi-auditor-ukuran-perusahaan-dan-komite-audit/.

El-Dyasty, M. M., & Elamer, A. A. (2020). The Effect of Auditor Type on Audit Quality in Emerging Markets: Evidence from Egypt. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3428707.

Fajrina, & Rohkhayatim, J. P. (2021). Pengaruh Audit Tenure, Ukuran Perusahaan, dan Ukuran KAP terhadap Kualitas Audit Perusahaan yang Terdaftar di Indeks LQ45 Bursa Efek Indonesia. *Jurnal Ekonomi dan Bisnis*, 78-85.https://doi.org/10.34308/eqien.v8i2.219.

Farid, M. N., & Baradja, L. (2022). Pengaruh Fee Audit, Audit Tenure, Audit Rotasi, Ukuran Perusahaan Klien pada Kualitas Audit. *Jurnal Ekonomi Trisakti.*, 1063-1078. https://doi.org/10.25105/jet.v2i2.14750.

Firani, M., & Reschiwati. (Maret 2024). Pertimbangan Tingkat Materialitas dalam Audit: Faktor yang Mempengaruhinya. *Jurnal Riset Akuntansi dan Auditing.*, 77-95. https://doi.org/10.55963/jraa.v11i1.642.

Firmansyah, & Febriyani, M. R. (Februari 2023). Pengaruh Audit Tenure, Audit Fee dan Ukuran Perusahaan Klien terhadap Kualitas Audit. *MARS: Jurnal Magister Research.*, http://dx.doi.org/10.25105/jet.v4i2.21055.

Freeman, R. E. (1984). Strategic Management: A Stakeholder Approach.

Ghozali, (2021). Partial Least Squares Konsep Teknik dan Aplikasi Menggunakan Smartpls 3.0 untuk Penelitian Empiris, Edisi 2, Penerbit Universitas Diponegoro Semarang.

Harsanti, P., & Whetyningtyas, A. (2014). Pengaruh Kompetensi, Independensi, dan Profesionalisme Auditor Terhadap Kualitas Audit (Studi Empiris Pada Kantor Akuntan Publik di Semarang). Jurnal Sosial dan Budaya, 1-6, https://jurnal.umk.ac.id/index.php/sosbud/article/view/537

Herdiansyah, M. R., Abbas, D. S., Hidayat, I., & Hakim, M. Z. (2022). Pengaruh Fee Audit, Audit Tenure, Rotasi Audit dan Ukuran Perusahaan terhadap Kualitas Audit. *Jurnal Riset Ilmu Akuntansi.*, 121-134. https://dx.doi.org/10.55606/jurnalrisetilmuakuntansi.v1i4.116.

Hope, C. L., Langli, O. K., & Christian, J. (2020). How Big 4 Firms Improve Audit Quality. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2828224.

Jensen, Michael, & Meckling, William. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. Journal of Financial Economics, 3(4), 1–77. https://doi.org/10.1017/CBO9780511817410.023.

Krisyadi, Robby, & Noviyanti, Noviyanti. (2022). Analisis Faktor-Faktor yang Mempengaruhi Keterlambatan Laporan Audit. Owner: Riset Dan Jurnal Akuntansi, 6(1), 147–159. https://doi.org/10.33395/owner.v6i1.541.

Lestari, A. D., & Ardiami, K. P. (2024). Pengaruh Kompetensi, Independensi, dan Profesionalisme Auditor Terhadap Kualitas Audit: Studi KAP KKSP. *Jurnal Kajian Ekonomi & Bisnis Islam.*, 1022-1043. http://dx.doi.org/10.47467/elmal.v5i3.4140.

Luvena, Maidani, & Afriani, R. I. (Agustus 2022). Pengaruh Fee Audit, Audit Tenure, Rotasi Audit dan Ukuran Perusahaan Terhadap Kualitas Audit. *Jurnal Revenue.*, https://doi.org/10.46306/rev.v3i1.93.

Madalena, K. M., Lilianti, E., & Jusmani. (2023). Pengaruh Rotasi Auditor, Audit Tenure, dan Ukuran Perusahaan terhadap Kualitas Audit (Studi Pada Perusahaan Subsektor Batubara yang Terdaftar di BEI). *Jurnal Univ PGRI Palembang.*, http://eprints.univpgri-palembang.ac.id/662/.

Mutia, A., Khairiyani, & Dewi, R. K. (2022). Pengaruh Fee Audit, Audit Tenure dan Ukuran Perusahaan terhadap Kualitas Audit Syariah pada Perusahaan yang Terdaftar di Jakarta Islamic Indeks Tahun 2016-2020. *Jurnal Ilmiah Manajemen, Ekonomi, Akuntansi.*, https://doi.org/10.55606/jurimea.v2i3.186.

Naufaldyaksa, M. R., Tjan, J. S., & Pelu, M. F. (Januari 2023). Pengaruh Auditor Switching, Fee Audit, Audit Tenure, dan Company Size terhadap Kualitas Audit pada Perusahaan Makanan dan Minuman yang terdaftar di Bursa Efek Indonesia (BEI). *Paradoks: Jurnal Ilmu Ekonomi.* , https://jurnal.feb-umi.id/index.php/PARADOKS/article/view/580.

Ningsih, W. S., Fanani, B., & Sumarno. (2023). Pengaruh Independensi, Audit Tenure, dan Firm Size terhadap Kualitas Audit. *JABKO: Jurnal Akuntansi dan Bisnis Kontemporer.*, p.111-126, https://www.researchgate.net/publication/382767980_Pengaruh_Independensi_Audit_Tenure_dan_Firm_Size_Terhadap_Kualitas_Audit.

Nuladani, Galuh Setri, & Saputra, Dian. (2024). The Effect of Management Change, Financial Distress, and Earnings Management on Audit Report Lag with the Number of Commissioners as a Moderating Variable. International Journal of Science and Society, 6(1), 255–272. https://doi.org/10.54783/ijsoc.v6i1.1009.

Pane, D. C., Paula, C., Apriliyani, D., & Ufrida, N. (2021). Pengaruh Profesionalisme, Experience, Akuntabilitas dan Kompetensi Auditor Terhadap Kualitas Audit Pada Kantor Akuntan Publik di Wilayah Kota Medan. JIMEA | Jurnal Ilmiah MEA (Manajemen, Ekonomi, dan Akuntansi), 312-331. https://doi.org/10.31955/mea.v5i2.1100.

Prassetio, W. M., & Damayanti, R. (July 2022.). Pengaruh Auditor Switching, Audit Fee dan Umur Publikasi Terhadap Kualitas Auditor. *Seminar Nasional & Call for Paper.*, https://openjournal.unpam.ac.id/index.php/PKS/article/view/25498.

Rakha, A., & Sofia, I. P. (2022). Pengaruh Audit Delay, Auditor Switching dan Audit Tenure terhadap Kualitas Audit. *UPH, KIA9_SPEP_017.*, https://ojs.uph.edu/index.php/KIA9/article/view/5628.

Reschiwati, & Aryanty, S. N. (Maret 2024). Independensi Auditor, Struktur Corporate Governance, dan Kualitas Audit: Implikasinya pada Integritas Laporan Keuangan. *Jurnal Riset Akuntansi dan Auditing.*, 45-63. https://doi.org/10.55963/jraa.v11i1.638.

Resza, E. P., Koeswayo, P. S., & Devano, S. (2023). Pengaruh Fee Audit dan Masa Perikatan Audit Terhadap Kualitas Audit. *Owner: Riset & Jurnal Akuntansi.*, http://dx.doi.org/10.33395/owner.v7i4.1631.

Santoso, B., & Octavian, S. D. (Maret 2024). Determinan Audit Delay Perusahaan Subsektor Jasa Konsumen. *Jurnal Riset Akuntansi dan Auditing.*, 29-44. https://doi.org/10.55963/jraa.v11i1.626.

Sarhan, A., Ntim, C. G., & Najjar, B. A. (2019). Antecedents of Audit Quality in MENA Countries: The Effect of Firm and Country Level Governance Quality. https://doi.org/10.1016/j.intaccaudtax.2019.05.003.

Satria, A., Jovanna, Alvin, M., & Sitepu, W. R. (2022). Pengaruh Tenur KAP, Audit Delay, Ukuran KAP, dan Ukuran Perusahaan Klien terhadap Kualitas Audit dengan Audit Fee Sebagai Variabel Moderasi (Studi Empiris pada Sektor Keuangan Subsektor Perbankan yang Terdaftar di Bursa Efek Indonesia tahun 2018 - 2020). *Jurnal Akmami.*, 269-279. https://jurnal.ceredindonesia.or.id/index.php/akmami/article/view/641.

Sitanggang, T., Tjendra, A. D., Handari, H., & Hidayat, M. (Juli 2024). Pertimbangan Tingkat Materialitas dalam Laporan Keuangan pada Kantor Akuntan Publik di Jakarta: Faktor-Faktor yang Mempengaruhinya. *Jurnal Riset Akuntansi dan Auditing.*, 1-12, https://doi.org/10.55963/jraa.v11i2.674.

Sugiyono (2015). Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif dan R&D, Penerbit Alfabeta.

Vidhiyanty, P. M., Asmapane, S., & Lahaya, I. A. (2022). Pengaruh Audit Tenure, Ukuran Perusahaan, Ukuran KAP dan Rotasi KAP terhadap Kualitas Audit. *Akuntabel: Jurnal Akuntansi dan Keuangan.*, 196-201. http://dx.doi.org/10.30872/jakt.v19i1.10292.

Winda, & Hadiwibowo, I. (2023). Pengaruh Reputasi KAP, Audit Tenure, Ukuran Perusahaan, dan Rotasi Auditor terhadap Kualitas Audit. *Jurnal Proaksi.*, 70-84. http://dx.doi.org/10.32534/jpk.v10i1.3734.

Zulyazen, & Solihin. (2024). Pengaruh Audit Tenure, Audit Rotation dan Firm Size terhadap Kualitas Audit dengan Pandemi Covid 19 sebagai Variabel Pemoderasi pada Perusahaan Consumer Goods yang Terdaftar di BEI Periode 2018-2022. *JIMEA: Jurnal Ilmiah MEA. 1,*, http://dx.doi.org/10.31955/mea.v8i1.3864.