THE EFFECT OF AUDIT TENURE TO AUDIT QUALITY WITH PROFESSIONAL SKEPTICISM, INDEPENDENCE & EXPERIENCE AS INTERVENING VARIABLES

A THESIS

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DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgment. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, April 5th, 2013

Theresia Sheylla Yunnani

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بسم الله الرحمن الرحيم

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ABSTRACT

Audit tenure becomes an issue after the revelation of some accounting scandal resulted from long audit tenure between accounting firm and company. Then, in some country limitation of audit tenure were regulated. Some believes this will impair audit quality. In this research, the researcher aims to find out the effect of audit tenure on audit quality, with considering some aspect that expected to influence audit quality base on most research relate to audit quality. Those are professional skepticism, independence, and experience, and placed it as intervening variables. The data used in this research are primary data, collected from distributing questionnaire. The populations are auditors working in all of accounting firm in Yogyakarta. Then, data analysis is performed Computer Statistic Program *SPSS for Windows Release 19.0* and using Sobel Test macro developed by Preachers & Hayes (2004) to test mediation model. Besides providing information about direct affect of audit tenure on audit quality, here the researcher also emphasizing on simple mediation model or indirect effect, whether the intervening variable namely, professional skepticism, independence, and experience completely mediate or partially mediate the relationship between audit tenure and audit quality. The results of hypotheses testing reveal that audit tenure positively influence audit quality. And professional skepticism and experience have completely mediated the relationship between audit tenure and audit quality, while independence only partially mediated. Means that independence not mediated the relationship, it has direct effect instead.

Keywords: *audit tenure, audit quality, professional skepticism, independence, experience*

ABSTRAK

Tenur audit menjadi sebuah isu setelah terbongkarnya skandal akuntansi yang dihasilkan oleh tenur yang panjang antara kantor akuntan publik dengan perusahaannya. Kemudian, di beberapa negara peraturan tentang pembatasan tenur audit diberlakukan. Banyak orang percaya bahwa tenur audit yang panjang akan menurunkan kualitas audit. Dalam penelitian ini, peneliti bertujuan untuk mengetahui pengaruh tenur audit pada kualitas audit, dengan mempertimbangkan beberapa aspek yang diharapkan untuk mempengaruhi kualitas audit berdasarkan pada kebanyakan penelitian menyangkut kualitas audit. Aspek – aspek tersebut adalah skeptisisme professional, independensi, dan pengalaman, dengan menempatkan aspek – aspek tersebut sebagai variabel intervening. Data yang digunakan dalam penelitian ini adalah data primer, yang didapat setelah menyebarkan kuesioner. Populasi dalam penelitian ini adalah semua auditor yang bekerja pada kantor akuntan public (KAP) di Yogyakarta. Analisis data dilakukan menggunakan program *SPSS for Windows Release 19.0* serta makro uji Sobel oleh Preacher & Hayes (2004) yang digunakan untuk uji mediasi. Selain menyajikan informasi tentang pengaruh langsung tenur audit pada kualitas audit, disini penelity juga menekankan pada model mediasi sederhana atau efek tidak langsung, apakah variable intervening, seperti skeptisisme profesional, independensi, dan pengalaman secara penuh memediasi hubungan antara tenur audit dan kualitas audit. Hasil dari uji hipotesis menunjukkan bahwa tenur audit secara positif mempengaruhi kualitas audit. Dan skeptisisme profesional dan pengalaman memediasi penuh hubungan antara tenur audit dan kualitas audit, sedangkan independensi secara parsial memediasi hubungan tersebut. Hal ini berartu bahwa independensi tidak memediasi hubungan antara keduanya, melainkan mempunyai pengaruh langsung.

Kata kunci: *tenur audit, kualitas audit, skeptisisme profesional, independensi, pengalaman*

CHAPTER I

INTRODUCTION

1.1 Background of Study

Management of the company has the obligation to make and report the financial position of the company to the shareholders called financial statement. However, there is possibility for conflict of interest between the management and the user of financial statement in selecting what information that should be presented in financial statement. Hence, pointing an independent third party is necessary for doing the inspection toward financial statement (Al-Thuneibat et al, 2011) in Sinaga (2012). The third party here is public accountant who does the job as auditor who and who is assigned to do the inspection on financial statement.

The purpose of financial statement audit itself is to minimize the information risk given and to help improving decision-making process (Arens et al, 2008 in Sinaga (2012)). Audit process is designed to determine whether the financial statement from management has already represented the correct number and whether it is fairly presented or not. Therefore, the improvement on audit quality becomes an important thing to assure the financial statement audit accuracy.

Giri (2012) defined audit quality as the level of audit step accuracy done by public accountant or accounting firm. Similarly with Sutton and Lampe

(1991) measured audit quality from its process, by investigating the auditors performance during the auditing. Meanwhile, the process of audit done by auditors is depends on auditor's consciousness to cover or not to cover the infringement financial statement done by management. This will depend on the auditor independence. It is important to note that the function of public accountant itself is to give service about the accuracy, fairness and detail information on the client's financial statement.

Audit quality resulted from public accountant works start to become a spotlight after some accounting scandals that involved public accountants were revealed. Accounting scandal that involved Enron with its accounting firm Arthur Anderson shocked business world at that time. The involvement of auditor role in this case was a result of long tenure that raised many speculations about audit quality and independence. This gave big impact to public trust towards accountant public profession. Later, this also became a focus in many studies regarding the relationship between client and accounting firm in recent years. Jackson (2001) in Giri (2010) stated that the longer the tenure between auditor and its client will bring to better audit quality. In another hand, Geiger and Raghunandan (2002) in Siregar (2012) found that there was significantly more audit reporting failure in the earlier years of the auditor – client relationship than when auditors had served clients for longer tenures. Chen et al (2008) in Siregar (2012) indicate that longer audit tenure is not associated with a decline in audit quality. However, what happen between Enron and Arthur cannot fully represent the effect of audit tenure on audit quality in all of company across the world. It is just a of fact that represents the situation that might happen regarding the effect of audit tenure.

Regarding the issue above, people start to believe that long audit tenure will impair auditor independence. Chen et al (2008) in Siregar et al (2012) stated that when the tenure is long there are possibilities for client and auditors growing a closer relationship untill the state where the independence of the auditor is threatened. This could impair independence and objectivity, that makes auditor less objective and apply less effort toward the detection of material misstatements. Independence is one of the reasons why audit service exists. In Indonesia, every public accountant and public accounting firm should obey the government regulation about limitation of audit tenure, which is 6 years for public accounting firm and 3 years for public accountant. Giri (2010) stated that by regulating the time limit, hopefully improvement on auditor independence, both in fact and in appearance, could be achieved. The government believes that mandatory audit rotation is the solution to maintain the independence of the auditor to perform audit (Febrianto, 2009). There were several studies related to audit tenure in Indonesian setting, Mayangsari & Wahyuni (2005) in Siregar (2012) found a linear relation between audit tenure and earnings quality. While Siregar (2012) results show that longer audit tenure is associated with lower audit quality for the period after mandatory auditor rotation.

Another issue that can be seen to influence audit quality is the level of auditor skepticism. Herusetya (2007) in Sabrina & Januarti (2011) stated that one of the factors for auditor failure to detect misstatement is the low level of professional skepticism. Professional skepticism will lead auditor to perform effective audit procedure so auditor can make correct audit opinion. In addition, Crabtree (2004) in Sukriah et al (2012) mentioned about the importance of experience in determining the audit quality relate with audit tenure. He stated that as auditor tenure increases, the auditor learns more about the client and its business process, allowing the auditor to reduce reliance on management estimation and representation, resulting in a more effective audit. This is in line with Johnson & Reynolds (2002) in Giri (2010), who stated long that audit tenure will make auditor gain some experience on client's business. The more experience an auditor, the better he will perform the audit task, tand he higher the quality of the financial statement.

Considering result differences from previous studies, so this study is conducted to verify the theoretical research on audit quality. In this case, the researcher would like to identify the auditor point of view, and the way of public accountant tenure (1-3 years) affect the audit quality. This research will also analyze other aspect considered and expected to affect audit quality. It is important to be confirmed because there is lack of explanation on this aspect in the previous research. The aspects expected to affect audit quality are professional skepticism, independence and auditor experience toward client's business. The researcher will determine these as intervening variable in this research, to know the indirect effect of audit tenure to audit quality if those variables are used to mediate the relationship.

This research is a replication from previous research from Giri (2010) with some adjustments. The difference between this research and previous research the data used, in Giri (2010) data used was secondary while here using primary data collected through questionnaire distributed. And also the proxy for audit quality here using audit quality from its process while in previous study measure audit quality from current accruals. And the difference is also on the variable used in this research.The researcher used audit tenure as independent variable and added intervening variable to see the indirect effect of audit tenure toward audit quality. The researcher intends to see (1) The direct effect of audit tenure toward audit quality; (2) indirect effect of audit tenure toward audit quality through the intervening variables mentioned before.

After analyze the previous research, can be concluded that the research on audit quality is still relevant to be done, especially for seeing the indirect effect of audit tenure toward audit quality through the intervening variable that is usually used as dependent variable only. From the explanation above, the researcher, intend to do a research entitled **"The Effect of Audit Tenure to Audit Quality with Professional Skepticism, Independence & Experience as Intervening Variables"**

1.2 Problem Identification

Jackson (2001) stated that longer tenure between auditor and its client would result on better audit quality. In another hand, Geiger and Raghunandan

(2002) in Siregar (2012) found that there were significantly more audit reporting failure in the earlier years of the auditor and the client relationship than when auditors had served clients for longer tenures. Those two different opinion need to be retested. Therefore, the researcher would like to examine whether audit tenure give impact to audit quality in the point of view of auditor in Yogyakarta.

1.3 Problem Formulation

Based on the study background explained above, the research questions can be formulated as follows:

1. Does audit tenure have a positive and significant influence towards audit quality?
2. Does audit tenure have a positive and significant influence towards audit quality through professional skepticism?
3. Does audit tenure have a negative and significant influence towards audit quality through independence?
4. Does audit tenure have a positive and significant influence towards audit quality through experience?

1.4 Research Limitation

The researcher set limitation of the research area to focus on the research as follows:

1. Data obtained in this research are limited to the perception of the auditor in Yogyakarta.
2. Audit tenure study in this research will range between 1-3 years, following the government regulation for public accountant.

1.5 Research Objectives

The objective of this research is to get deep understanding and to give empirical evidence about audit tenure effect on audit quality. This study aims to prove the longer or shorter audit tenure will affect the quality of the audit with including intervening variables (professional skepticism, independence, and auditor experience on client's business). Based on the background and problem formulation above, the objectives of this research are:

1. To know whether audit tenure has a positive and significant influence towards audit quality.
2. To know whether audit tenure has a positive and significant influence toward audit quality through professional skepticism.
3. To know whether audit tenure has a negative influence and significant toward audit quality through independence.

4. To know whether audit tenure has a positive and significant influence toward audit quality through experience.

1.6 Research Contribution

This research is expected to give additional scientific benefits and input as well as a new reference for the next research. The benefits of this research are following:

a. For Academicians

   Can give new perspective related to the audit tenure effect for the auditor in performing audit and the way it influences audit quality.

b. For Auditor Profession

   This study can give explanation and knowledge of the audit tenure effect to capacity of auditor in performing audit, and its influence on audit quality.

c. For Society

   This research can give information & reference for any parties to understand the effect of audit tenure to auditor capacity, and its influence to the audit quality.

d. For Writers

   To fulfill one of requirement to finish the study in Islamic University of Indonesia, International Program Faculty, Economic & Business

Department (Accounting) and to get additional knowledge and information that will be useful for the writer.

1.7 Thesis Organization

The writing organization of this research is as follows:

Chapter I: Introduction

Chapter I consist of the research background, problem formulation based on the research background, problem formulation, research objectives, research benefits, and systematic writing in general.

Chapter II: Review of Related Literature

Chapter II provides review of related literature that contains the definition of audit tenure and audit quality, as well as professional skepticism, independency and experience. In this part, the researcher also transcribed the previous research as a reference and figured out the hypothesis formulation and the conceptual framework.

Chapter III: Research Method

Chapter III contains a description of the types of data, variables definition, population and sample, data collection, data analysis techniques and hypothesis testing.

Chapter IV: Data Analysis

Chapter IV presents the process of analyzing the data and testing hypothesis. It also shows the relationship of the research result with the prior research result.

Chapter V: Conclusion and Recommendation

Chapter V presents the conclusion of the research result and the brief explanation about the result. It also explains the implication of the research, research limitation, and the suggestions for the development for the next research.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Introduction

In this chapter, the researcher provides literature review of previous research findings. Any relevant theories will be very helpful to support the research. Hence, literature review will help the researcher to understand the theories that will be discussed in this research later on.

The researcher will explain each definition of theories that may influence audit quality. They are audit tenure, professional skepticism, independence and experience. In addition, this research creates a hypothesis formulation to easier understand the connection between them. These hypotheses become the concern of the researcher to do the research.

2.2. Theoretical Review

2.2.1. Auditing

Auditing is the process to gather and evaluate evidence of economic event assertions to certain the quality of the standard in those assertion and establish and communicating the result to the interested users. The American Accounting Association defined Auditing as a systematic process of objectively obtaining and evaluating the accounts of financial records of a governmental, business, or other entity based on established criteria. According to Konrath (2005), auditing is a systematic process to objectively obtain and evaluate evidence regarding assertions of the activities and events to ensure the level of economic relations between those assertions and established criteria and communicating the result to the interested users. The general purpose of auditing process is to produce an audit report that will be used to express opinions and statements to the users, later on it will become the benchmark for the financial statement user in using and read the financial statements.

From the definition above, it can be highlighted that in performing audit there are some basic elements, such as audit can only be done by an independent person, the information on audit report should be free from bias and it can be used as underlying source of information for the user to make decision. Hence, the auditor should have sufficient competent evidence obtained through many procedures such as, inspection, observation, interview, as well as sending confirmation letter as a reasonable basis for making audit report.

There are three types of audit according to Boynton and Johnson (2006, p.8) namely financial statement audit, compliance audit and operational audit. Financial statement audit examines financial statements, records and related operations to ascertain adherence to generally accepted accounting principles, this means that the auditors determines whether companies have followed the financial standard of reporting given by sanctioning boards such as Financial Accounting Standards Board. The result of this audit are presented in an audit report, which later on will be distributed to the interested party such as creditors, shareholders and so on. Meanwhile, compliance audit is done to determine whether a company has already followed established procedures or rules. In addition, operational audit is done to examines a company's certain activity, to assess performances, and to give recommendations that may help the company to develop their business. Therefore, auditors have important role in giving contribution to the user as shareholder in decision-making.

2.2.2. Audit Tenure

Audit Tenure is the time or period of particular auditor to audit its client. The simplier is, how many years an accounting firm has already audit its client. According to Wuchun Chi & Huichi Huang (2010), audit tenure is the length of years an audit firm has provided audit services for a certain client. While Johnson *et-al* (2002); Myers *et-al* (2003); Ghosh and Moon (2003) in Febrianto and Sugiri (2010), defined audit tenure as the length of years a client has retained its audit-firm. In another words, audit tenure measure as the cumulative number of years the auditor has been employed by a firm.

Long tenure for an accounting firm is expected to increase the knowledge of the auditor staff about company's business. Therefore they can design better audit program to be performed. Before issuing any regulation regarding the mandatory audit rotation, accounting audit firm is assumed to have unlimited time, depending on the company that will hire them. Before 2002, many big companies have already made strong relationship with accounting firm for over 10 years, such as Enron Company that has engaged with Arthur Enderson for over 16 years since its establishment. Thus, many people speculated that the tenure became the main cause of the scandal. However, it was not always the case.

2.2.3. Audit Quality

Audit Quality according to DeAngelo (1981) in Brooks (2012), is market-assessed quality related with the auditor's ability to detect material misstatements (auditor competence) and the willingness to report the misstatement (auditor independence), called auditor monitoring strength. Meanwhile, Giri (2012) defines audit quality as the level of audit step accuracy done by public accountant or accounting firms. Audit quality process can be measured base on its conformity between outputs in form of opinion with the ability to detect misstatement in client financial report.

The audit quality can be seen from 2 different perspectives according to theory developed by Sutton and Lampe (1991) in Giri (2012). They are from auditor's activity output and from the process. Auditor's activity output is commonly measured by current accrual (financially) or from audit opinion issued. This is used in many researches such as in Becker *et-al* (1998), Defond Subramanyam (1998), Bartove *et-al* (2000), Krishnan (2003) and Nagy (2005) in Giri (2010). They used discretionary accruals as proxy of the quality of accounting information. Meanwhile process is measured by investigating the auditor's performance during the audit.

Audit process quality conforms to the standard and ethical code on performing audit. This measured is used by Indah (2010) in her research relate with audit quality. The parameters used to indicate the existence of high audit quality are (1) Auditor should report all of client's misstatement, (2) Auditor has good understanding toward client's accounting information system, (3) Auditor has strong commitment to finish audit task given, (4) Audit is based on the audit standard and follow ethic code, (5) Auditor does not easily trust client's statement during audit and (6) Always be careful in taking decision regarding the audit.

Two products resulted from high quality audit, are information credibility and information quality. Information credibility is related with the auditor's ability to influence the trust of information users towards information contained within a financial statement. While information quality is relate with how good information contained within financial statement in representing the real financial position of a company (Watkins *et-al* , 2004 in Novianti (2010)). In addition, high quality auditor expected to perform high quality audit is a person who is competent and can maintain his/her independence in any situation both in fact and in appearance.

2.2.4. Auditor Professional Skepticism

Auditor professional skepticism is attitude covered mind that always questioning and does evaluation with skepticism towards audit evidence. Auditor expected to be able to demonstrate the highest level of their professional skepticism. Shaub and Laurence (1996) in Gusti and Ali (2010) define professional skepticism as the choice to fulfill the professional auditor's duty to prevent or reduce harmful consequences of another person's behavior. Base on SPAP, financial statement audit should be based on audit standard set by IAI (Ikatan Akuntan Indonesia). Audit must be planned and done with professional skepticism attitude. This auditor's attitude is expected to reflect the auditor's expertness or ability. Moreover, through this auditor is also expected to be able to perform their duty appropriate with the standard sets and uphold the rules and norms to maintain audit quality and auditor professional image.

Performing longer audit task will likely make auditor be bored and not as sensitive as before. The skepticism will be lower, and then look the audit as a repetition from first engagement task. Doing repetitive audit with the same client cause auditor make a judgment based on previous auditor in deciding whether the management judgment is already based on generally accepted accounting standard or not. In addition, auditor will likely use previous working paper to arrange the audit plan, audit budget and get information from the client. Using previous working paper commonly happens in audit, but this procedure will become problem when it is done by auditor who is lackings of experience.

Professional skepticism is also an important aspect for auditor, since it will influence the audit quality. The more skeptics, auditor will likely minimize error while performing audit (Nelson, 2007; Hurrt *et-al*, 2003;

Bell *et-al*, 2005). According to Carpenter *et-al* (2002) in Qeena & Rohman (2012), auditor that is lackings of professional skepticism will tend to decrease the audit quality.

2.2.5. Independency

Public accountant independence is the mental and mind attitude of a public accountant which is honest and expert, as well as free from persuasion, influence and control from others in carrying out the planning. Independence becomes a significant reason for auditor existence to audit financial statement. This becomes one of the fundamental requirements to obtain high quality audit. Accountant ethic code stated that independence is the attitude expected by a public accountant not to have a personal interest in the execution of his or her duty, which in contrast to the principle of integrity and objectivity. Whereas, other section mention that any practitioners who gives assurance service have to act independence toward client's assurance for both, independence in mind and independence in appearance.

Elder *et-al* (2008) defined independence as:

- ✓ Independence in appearance. It is the auditor's ability to maintain an unbiased viewpoint in the eyes of other.
- ✓ Independence in mind. It is the auditor's ability to take unbiased viewpoint in the performance of professional service.

Talking about independence will surely bring out the concept of objectivity as well. SPAP section 120 cover about this concept, explain that objectivity concept require practitioner not to tolerate subjectivity and conflict of interest or improper influence from other parties that influence professional judgment or business considerations. Therefore, it is unjustifiable to take sides to anyone, perfect skill that the auditors have may lose if there is no neutral attitude. It becomes the most important things to maintain freedom to express their comment. Supriyono (1988); Wilopo, Nurmala and Supriyati (2000) in Gunasti (2010), found factors affecting the independence of auditors, such as family relationship, financial ties and business relationship with clients, inter-firm competition, provision of services other than audit, long audits, major accountant's office, the amount of audit fee, and giving or receiving the service. While the issue about independence itself, have been signaled and noticed Mautz and Sharaf (1961) in Giri (2012) for more than 40 years ago on their book titled *The Philosophy of Auditing*:

> In most instances "the greatest threat to [their] independences is a slow, gradual, almost casual erosion of [their] honest disinterestness". The auditor "must be aware of the various pressures, some obvious some subtle, which tend to influence [their] attitude and thereby erode slowly but surely [their] independence." (pg. 231).

Furthermore, threats towards auditor's independence do not only exist when preparing audit report, but it may also potentially affect the decision taken by auditor while performing audit task (Dopuch *et-al*, 2003; Bazerman *et-al*,1997 in Giri (2012)).

2.2.6. Experience

Jeffrey (1996) in Gunasti (2010), showed that someone with more experiences stored in his memory could easily develop a good understanding of events. If we look in auditor tasks, it will be difficult to understand complex client's business in short time. Using experience is based on the assumption that task done for many times may gives opportunity to learn and perform best. Thus, commonly we will assume that having longer experience about something will imply that we have better understanding about it as well. When auditors have experience to works with the client for periods of time, they will well-understand about client's business. Advantages that they will get are able to detect error, understand the error, and be able to find the cause of the error (Asih, 2006: 12).

Audit effectiveness will be really influenced by work performance in previous period. Auditor familiarity towards management will result in better understanding about new issues surrounding. As stated above, the complexity of client business will be difficult to understand in short period of time. The level of audit deviation will be higher when the new auditor has just assigned to the task because auditor have not develop enough institutional knowledge to perform comprehensive audit (Giri, 2012).

2.3. Previous Study

There are many researches related to audit tenure that has been developed by previous studies. The relationship between audit tenure and audit quality as well as the issue about independency, professional skepticism and experience have been become an issue since many years ago. Those researchers were conducted by Gusti and Ali (2008), Febrianto and Sugiri (2010), Singgih and Bawono (2010), Johnson & Reynolds (2002), Giri (2010), Beckeer *et-al* (1998), Reynolds and Francais (2000), Geiger and Raghunandan (2002), Manry *et-al* . (2008), Carcello and Nagy (2004), Siregar *et-al* (2012) and many more.

Giri (2010) aimed to test whether the firm’s tenure will reduce the audit quality in Indonesia and to implicate the result to Finance Minister Regulation no. 17/Menkeu.01/2008 about mandatory audit regulation. The data area is analyzed by using a generalized regression method of moment (GMM), with the sample of 455 public companies years in manufacturing industries listed in the Indonesia Stock Exchange. Data analysis shows that long audit tenure did not cause lower audit quality. Similar results were also found by Reynolds and Francais (2000) in Giri (2010). Long audit tenure will encourage the creation of business knowledge for an auditor. This knowledge can be used to design effective audit program and created high quality financial report. This tendency is stronger when the audit is done big accounting firm with high reputation that caused high economic ability and high knowledge to prevent profit management from opportunist client. While Beckeer *et-al* (1998), they showed opposite perspective about long audit tenure.

Carcello and Nagy (2004) in Brooks (2012), tried to test the relationship between accounting firm tenure with financial statement fraud. This result showed that financial statement fraud is tends to occur when the tenure is short (3 years or less). However, there was no supporting evidence that audit quality will increase when the company uses the same auditor.

Gusti and Ali (2008) researched the relationship between professional skepticism, audit situation, ethics and experience as well as audit expertise with the accuracy of audit opinion by public accountant. They examined the relationship using multiple regression analysis. Eighty-nine auditors working in accounting firm in Sumatra became the sample of the research and questionnaire was used for data collection method. They found that higher level of auditor skepticism will result to better opinion for the client. This study explained the important of professional skepticism for auditors because it can influence the accuracy of auditor in giving opinion. When auditor is no longer able to maintain professional skepticism, the audited financial statements will not be trusted anymore. Higher auditor professional skepticism will minimize audit failure (Perry; 1994). Noviyanti (2008) in Sabrina & Januarti (2010) stated that professional skepticism will lead the auditor to decide effective audit procedure so that the auditor can make correct audit opinion.

Singgih and Bawono (2010) conducted survey method by using 125 processed questionnaires distributed to auditors working in Big Four public accountant office in Indonesia. Based on the result, they proved that independence was dominant factor that influence audit quality. Besides that, this study proved that independency, due professional care and accountability influenced audit quality partially, but experience did not influence audit quality. They suggest extending coverage of survey area and adding more variable that can influence audit quality for future research. While Hudiwinarsih (2010) stated that the more self-independent the auditors in the findings, the more they provide information in an objective way. It implies that the higher independency of auditors will result to higher quality of audit, measured from how objective it is.

Johnson & Reynolds (2002) in Febrianto & Sugiri (2010) found that long audit tenure will make auditor gain some experience on client’s business. The more experience an auditor, the better he perform the audit task, and consequently the higher the quality of the financial statement. In the study, they also found that the quality of medium term tenure (four to eight years) is higher than the quality of short-term tenure (two to three years). Then, the experienced auditors have the lower possibility of doing mistake in auditing process than the auditor with no experiences before. In addition, De Angelo (1981) and Krishnan (2003) in Brooks (2012), stated that with longer tenure, auditors develop a better understanding for both of the client and the industry. Crabtree (2004) in Siregar (2012) argue that as audit tenure increase, the auditor learns more about their client and the client’s business processes, which results in more effective audit. In addition, Purnamasari (2005) in Singgih and Bawono (2010) mentioned that an employee who has more experience will have more benefit, such as able to detect error, understanding the error and able to find the cause of the error. Therefore, experience is one of important points the for profession as public accountant, it will affect the quality of the auditor.

Many studies above presented some differences and similarities that may need to be reexamined. In the previous research, audit quality is commonly measured by current accruals while in this research the quality is measured by audit process. Therefore, it will be interesting to examine the relationship between audit tenure and audit quality with some intervening variables explained above.

2.4. Hypothesis Formulation

2.4.1. Audit tenure and audit quality

Effect of audit tenure with audit quality has become debatable issue since long time ago. Chen, *et-al* (2008) in Siregar (2012) and Giri (2010) stated that longer audit tenure is not associated with a decline in audit quality.

Hypothesis 1: *Audit tenure has a positive and significant influence toward audit quality.*

2.4.2. Audit tenure, professional skepticism and audit quality

Professional Skepticism is a choice to fulfill the professional auditor's duty to prevent or reduce or harmful consequences of another person's behavior (Shaub and Lawrence; 1996 in Gusti and Ali (2010)). Professional skepticism affects auditor accuracy in giving auditor opinion (Gusti and Ali, 2010). According to Carpenter *et-al* (2002) in Qeena & Rohman (2012**)** auditor that lacks of professional skepticism will likely to decrease the audit quality.

Hypothesis 2*: Audit tenure has a positive and significant influence toward audit quality through professional skepticism.*

2.4.3. Audit tenure, independence and audit quality

Singgih & Bawono (2010) and Saripudin (2012) found that independency was dominant factor that influenced audit quality. Many financials scandal that has been revealed, make auditors tend to be more careful and increase the awareness to maintain independence. The more self-independent the auditors are in the findings, of course, the more they provide information in an objective or what it is (Hudiwinarsih, G., 2010).

Hypothesis 3: *Audit tenure has a negative and significant influence toward audit quality through independence.*

2.4.4. Audit tenure, auditor's experience and audit quality

Johnson & Reynolds (2002) in Giri (2010), long audit tenure will make auditor gain some experience on client's business. The more experience an auditor, the better he perform the audit task, and the higher the quality of the financial statement.

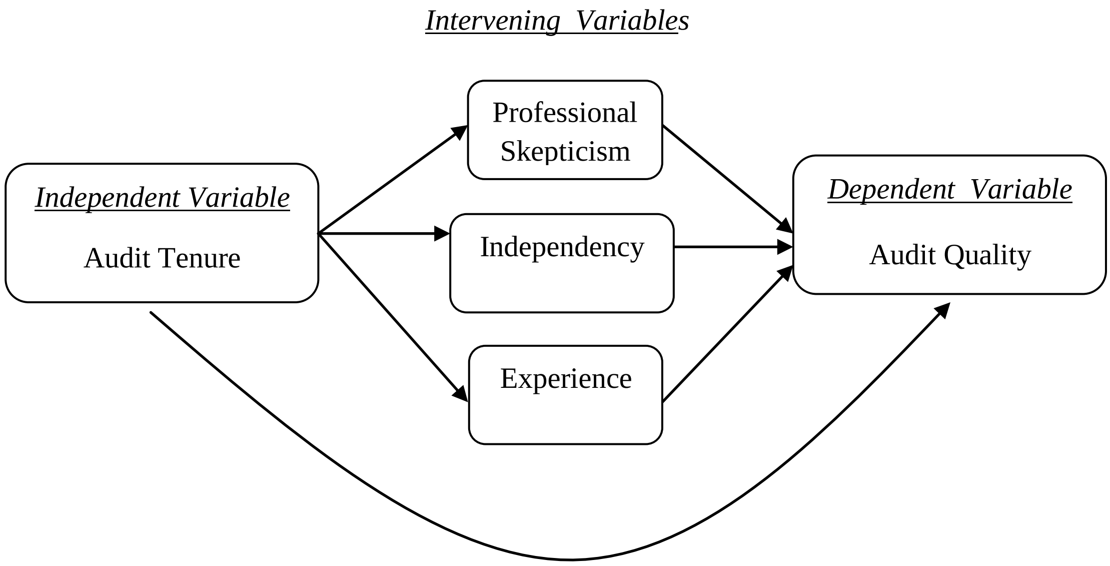
Hypothesis 4*: Audit tenure has a positive and significant influence toward audit quality through auditor's experience.*

2.5. Conceptual Framework

The explanation of ideas above can be clarified by the influence of audit tenure through intervening variables professional skepticism, independence, and auditor experience, which will be schematically illustrated in the figure below:

Figure 2.1

Conceptual Framework



CHAPTER III

RESEARCH METHOD

3.1 Introduction

This research covers a series of activities to identify the independent, dependent, as well as intervening variables. Researcher collected the data through questionnaire spread to respondents, to help testing the hypotheses and describing the phenomenon in the form of relationship between independent variables that influences dependent variable through intervening variables.

This chapter consists of introduction, research object, type, and source of data, data collection technique, research variables, operational definition and variable measuremant, analytical data processing, research hypothesis testing and research model.

3.2 Research Object

3.2.1. Population

All individual or groups that become research object are called population. According to Sekaran (2003), population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. The population in this research are all of auditor in

Yogyakarta who work under the KAP regardless their position or status as manager, supervisor, senior or junior.

3.2.2. Sample

Sekaran (2003) defined sample as a subset or subgroup of the population. The sampling technique used is simple random sampling where it is randomly determined, which give the same opportunity to every member of population to be chosen as part of sample (Indriantoro and Supomo, 124). Per January 2013, 8 public accounting firms are still operating their activity in Yogyakarta. Each KAP has 6 fulltime auditors in average, so the minimum sample used for this research which determined by using Slovin formulation (Umar, 2005) is as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n : Sample Size

N : Population Size

e : Error Tolerance (in this research, researcher uses e = 5% (Amirin, 2011, stated the best standard of error for tolerance for social sciences is 5%). Then the calculation will be:

$$\frac{48}{1 + 48x0.05^2} = 43$$

Therefore, based on the calculation above, the minimum amount of sample size is 43 respondents. The researcher also consider, as it is fulfilled rule of thumb that a data are ready to be processed further if it is >30.

3.3 Type and Data Source

In this research, the researcher use primary data. Primary data is data collected firsthand, for subsequent analysis to find solutions to the problem being studied. To obtain primary data, the researcher uses field research with data collection techniques by questionnaires – a list of structured questions directed and given to respondents. These questionnaires are personally distributed by the researcher to the respondent in KAP. In this research, the primary data is the perceptions of the respondents on a variety of questions in the questionnaire about the variables involved. The data in this research are the answer provided by respondents that are auditors working in Big-4 accounting firm.

3.4 Data Collection Method

In this research, the researcher uses survey method as data collection. According to Sekaran (2003), survey method is a research field to some of samples in a population, which use the questionnaire as the data collection technique. Questionnaire is a formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. The questions list in the questionnaire was being quoted from economic research by Indah (2010) with some addition and adjustment that had been consulted with the thesis advisor before it was sent to auditor at 8 KAP in Yogyakarta. The questionnaire contains 25 questions in total, which composite of 6 questions for professional skepticism, 7 questions for independence, 6 questions for experience and 6 questions for audit quality.

3.5 Research Variables

According to Sekaran (2003), variable is anything that can take on differing or varying values. It is a label or name determined by researcher that represents varies concepts or characteristics used to be learned and draw conclusion.

Dependent variable is variable that become the core of the research (Sekaran: 2003). In this study, the dependent variable used is audit quality. Independent variable is a variable that become the primary interest to the researcher, which expected to influence dependent variable or criterion variable in either a positive or a negative direction (Sekaran: 2003). In this research, independent variable used is audit tenure. Intervening Variable is one that surfaces between the time in the independent variables operate to influence the dependent variable and their impact on the dependent variable (Sekaran: 2003).

This functions as the independent variable(s) operating in any situation, and helps to conceptualize and explain the influence of the independent variable(s) on the dependent variable. in another words, a variable may be considered as a mediator to the extent to which it carries the influence of a given independent variable to a given dependent variable. In this research, intervening variables used are professional skepticism, independence, and experience.

3.6 Operationl Definition and Variable Measurement

Sekaran (2003) mention operational definition is a definition of a construct in measurable terms by reducing it from its level of abstraction through the delineation of its dimensions and elements. In this research, a scale used is Likert scale. Based on Ghozali (2005), 5 levels of answer showed as follows:

1 = Strongly disagree

2 = Disagree

3 = Nearly Agree

4 = Agree

5 = Strongly agree

The scoring itself will be different depend on the using of positive or negative sentence. Questions with positive sentence will be scored based on what stated above, but inversely for questions with negative sentence.

3.6.1. Dependent Variable

a. Audit Quality

Audit quality is the level of audit step accuracy done by public accountant or accounting firms. This can be seen in two ways, from its output and its process. In this research, researcher measures from its process, which personally see what have been done by auditor when performing audit to the client. There are 6 questions about audit quality measured by the statement of Likert scale from 1 to 5.

3.6.2. Independent Variable

a. Audit Tenure

Audit tenure is the length of years an audit firm has provided audit service for a certain client, (Wuchun Chi & Huichi Huang (2010)). In this research, researcher asked the respondent in the beginning of the questionnaire about the tenure, whether for 1 accounting period, 2 accounting period, 3 accounting period or for several months.

3.6.3. Intervening Variable

The intervening variables used in this research are professional skepticism, independence, and experience.

a. Professional Skepticism

Professional skepticism is a choice to fulfill the professional auditor’s duty to prevent or reduce or harmful consequences of another person's behavior Shaub and Laurence (1996). It is the way how auditor carefully audits the client and question any suspicious and changes within client financial statement. In this research, the parameters used are if auditor studies the business change of client; always believe on client's financial statement, and needs to examine supporting document. There are 6 questions about professional skepticism, measured by statement of Likert scale from 1 to 5.

b. Independence

Independence is the attitude expected of a public accountant not to have a personal interest in the execution of his duty, contrary to the principles of integrity and objectivity, stated in ethic code. Independence becomes a significant reason for auditor existence to audit financial statement. In this research, researcher used indicators of independence – having interest in client business & any personal interest; relationship with client; gratitude from client and so on. There are 7 questions about independence, measured by the statement of Likert scale from 1 to 5.

c. Experience

Experience in this research means how far auditor familiar with client's business after auditing the same client in certain period. This will affect the level of his/her understanding towards client's business. This will also eads to better audit plan and strategy. There are 6 questions about experience, measured with Likert scale from 1 to 5.

3.7 Data Quality Test

a. Validity Test

According to Sekaran (2003), validity is evidence that the instrument, or process used to measure a concept does measure the intended concept. In addition, validity test is used to measure the questionnaire's validity. A questionnaire is stated valid if the questions in the questionnaire are able to reveal something that will be measured by the researcher. In this research, the researcher used product moment method to test the validity. The test will be conducted by observing Correlation Coefficient Number (Rxy) and validity measured by comparing the value of r count (item total correlation) with the value of r table. In this research, the value of r-table is based on the provisions for degree of freedom (df) = n-2, (where n is the amount of sample used) with 5% corrected item total correlation. If value of r count > value of r table, the question is valid.

b. Reliability Test

Reliability is used to measure the questionnaire that poses the variable. It attests the consistency and stability of the measuring instrument. The reliability of a measure indicates the extent in which the measure is error free (without bias) and hence offers consistent measurement across time and across the various items in the instrument

(Sekaran, 2003). In this research, reliability test is conducted using SPSS software program. It uses alpha coefficient from Cronbach to find the value of alpha Cronbach for each type of questionnaire that shows its reliability. The alpha scale is used to test the reliability of the data. Sekaran (2003) also stated that the reliability is shown by the value of alpha, in which the value of 0.60 above is considered reliable. If the result of alpha Cronbach (α) is close to 1, therefore the questionnaire is said to be reliable.

3.8 Normality Test

Normality test is aimed to know whether the data have normal distribution or not. The normality test performed on each variable. To prove whether the data distribution is normal, there researcher using one-sample Kolmogrov-Smirnov test and uses significance level of 0.05.

3.9 Sobel Test

In this study, the researcher tested the hypothesis using macro sobel test designed by Preacher, K. J., & Hayes, A. F (2004). It is an easy-to-use macro test that runs the necessary regression analyses for us. This macro for SPSS estimates the size of an indirect effect of X on Y through a single mediator M, and computes both normal theory (Sobel test) and bootstrap approaches for inference. Bootstrapping is a way to overcome the limitations of statistical methods that make assumptions about the shape of sampling distributions, such as normality. It becomes the preferred method for analyzing data. The formula to compute the significance of bootstrapping will be as follow:

$$= \frac{Value\ normal\ distribution}{standar\ error\ bootstraping}$$

From the result, we have to compare it with the t-table, with df = n-1. If the result of the *t*-count above is greater than the *t*-table, than we can conclude that it is significance and vice versa.

In addition, this approach also produces a test that is not based on large-sample theory, meaning it can be applied to small samples with more confidence. Simulation studies comparing bootstrapping with alternatives show that bootstrapping often performs better than parametric procedures to moderate samples in terms of statistical power and Type I error rates (Fritz & MacKinnon, 2007; MacKinnon *et al*, 2004) in Preachers & Hayes (2010).

Because this macro adopt the assumption of Baron & Kenny (1986) about the existence of mediator within the model, so we have to notice these assumption to arrived at the conclusion about our simple mediation result. Base on Baron & Kenny (1986), variable M is considered a mediator if:

(1) X significantly predicts Y

(2) X significantly predicts M

(3) M significantly mediated X on Y

(4) When the M input into the model, then the influence of X on Y become not significant. This showed that complete mediation exist in the model, the M is truly a mediator. Otherwise, partial mediation. Means that the variable actually directly influences the dependent variable not as mediator.

3.10 Hypothesis Testing

Based on the previous researches and hypothesis theory, the researcher formulates Null Hypothesis (H0) and Alternative Hypothesis (Ha) in which these will be tested to prove whether those hypotheses were rejected or accepted. The hypotheses mentioned as follow:

H01:$\beta 1 \leq 0$: Audit tenure has no positive and significant influence toward audit quality.

Ha1:$\beta 1 > 0$: Audit tenure has a positive and significant influence toward audit quality

H02:$\beta 2 \leq 0$: Audit tenure has no positive and significant influence towards audit quality through professional skepticism.

Ha2:$\beta 2 > 0$: Audit tenure has a positive and significant influence towards audit quality through professional skepticism.

H03:$\beta 3 \leq 0$: Audit tenure has no negative and significant influence toward audit quality through independence.

Ha3:β3 > 0 : Audit tenure has a negative and significant influence toward audit quality through independence.

H04:β4 ≤ 0 : Audit tenure has no positive and significant influence toward audit quality through experience.

Ha4:β4 > 0 : Audit tenure has a positive and significant influence toward auditor quality through experience.

Criteria of the testing with the Probability test:

- If probability value is less than α (0.05), so Ho is rejected Ha is accepted.
- If probability value is more than α (0.05), so Ho is accepted, and Ha is rejected.

CHAPTER IV

DATA ANALYSIS

4.1. Introduction

This chapter will discuss the analysis of the data after the primary data are obtained through survey to the auditors in Yogyakarta. The purposes of data analysis is to test whether the hypotheses can be accepted or rejected with the analysis tool of Computer Statistic Program *SPSS for Windows Release 19.00*

The discussion in this chapter will be divided into 6 (six) parts. This first part is the data collection result that explains about the total data that will be analyzed. The second part will discuss about the distribution of the respondent who voluntarily participate in the data collection based on the public accounting firm they work. The third part will explain about respondent’s description. The fourth will explain about data quality test, consist of validity and reliability test. The fifth will provide information about normality test. And the last will finally give explanation about summary of hypothesis testing.

4.2. Data Collection Result

The data collection method used in this research is questionnaires. In this research, sampling method used is simple random sampling. The researcher chooses auditors who work in public accounting firm in Yogyakarta. The result of proper data collected can be shown as follows:

Table 4.1

Data Collection Result

Notes	Number of Respondent	Percentage of Total Respondent
Questionnaire distributed	48	100%
Questionnaire collected	48	100%
Incomplete questionnaire	0	0%
Proper questionnaire	48	100%

**Source: Data Processed, 2013*

From the table 4.1, it shows that the total questionnaires distributed to the respondent are 48 (100%). From those questionnaires, 48 (100%) of the questionnaires were filled out properly and could be collected by the researcher to be analyzed by researcher.

4.3. Respondent Description

The volunteer respondents as the research target are the auditors who work under Public Accounting Firm in Yogyakarta. Then, the researcher classified them according to the length of audit tenure, which they filled out in the questionnaires. The classification aims to give additional information about the proportion of each audit tenure asked. And also, the information contained which accounting firm contributes to this research by filling out the questionnaires given.

Based on length of audit tenure the respondents can be classified as follows:

Table 4.2

Classification by Audit Tenure

Audit Tenure	Amount	Percentage
1 year	26	54%
2 years	13	27%
3 years	9	19%
Total	48	100%

**Source: Data Processed, 2013*

From the table 4.2, it can be seen that from 48 respondents as the sample of this research, most of them are having experience to audit a client for 1 year (1 accounting period) represent by 26 respondents (54%), and 13 of them already having experience to audit the same client for the 2 years represent by 13 respondent (27%), while the rest are having experience to audit the same client for 3 consecutive years showed by 9 respondents (19%).

Following is information about where questionnaires distributed. From 8 (eight) public accounting firm (KAP) in Yogyakarta, there were only 6 (six) KAP which response to the questionnaires distributed.

Table 4.3

Respondent's Variety

No.	Public Accounting Firm	Address	Status
1.	KAP Kumalahadi	Jl. Kranji No. 90, Serang Baru, Sleman, Yogyakarta	Respond
2.	KAP Bismar, Muntalib & Yunus Cabang Yogyakarta	Jl. Soka No. 24 Baciro, Yogyakarta 55225	Respond
3.	KAP Drs. Hadiono	Jl. Kusbini No. 27 Yogyakarta	Not Respond
4.	KAP Doli, Bambang, Sulistiyanto, Dadang & Ali	Jl. Ringroad Utara, Jombor, Sleman, Yogyakarta 55285	Respond
5.	KAP Drs. Henry & Sugeng	Jl. Gajah Mada No.22 Yogyakarta 55122	Respond

6.	KAP Hadori Sugiarto Adi & Rekan (Cab)	Jl. Prof. dr. Sardjito No. 9 Yogyakarta 55223	Respond
7.	KAP Drs. Soeroso Donosapoetro, MM	Jl. Beo No. 49 Demangan Baru Yogyakarta 55281	Not Respond
8.	KAP Inaresjz Kemalawarta	Jl. Ringin Putih N0.7 Prenggan, Kota Gede Yogyakarta 55211	Respond

**Source: Data Processed, 2013*

4.4. Data Quality Test

a. Test of Validity

Validity test is conducted with product moment method using SPSS 19.0 software. It is done by conducting the coefficient number (Rxy) that shows the relationship between the question score with the total score (item-total correlation). The result will be compare with the r table in which df = n-2, where in this research will be 48-2 = 46 (0.240) with 5% corrected item total correlation. If the r table is less than the r count (r table < r count), the question is valid and vice versa. The researcher excludes the variable audit tenure, because it is what the researcher wants to measure indeed. Therefore, this test is conducted for any other variable mentions in this research.

Table 4.4

The Results of Validity Test

Variable	Corrected item-total correlation	R table	Explanation
Professional Skepticism			
Question 1	0.489	0.240	Valid
Question 2	0.471	0.240	Valid
Question 3	0.434	0.240	Valid
Question 4	0.268	0.240	Valid
Question 5	0.322	0.240	Valid
Question 6	0.303	0.240	Valid
Independence			
Question 1	0.162	0.240	Invalid
Question 2	0.493	0.240	Valid
Question 3	0.379	0.240	Valid
Question 4	0.319	0.240	Valid
Question 5	0.423	0.240	Valid
Question 6	0.449	0.240	Valid
Question 7	0.500	0.240	Valid
Experience			
Question 1	0.414	0.240	Valid
Question 2	0.457	0.240	Valid
Question 3	0.352	0.240	Valid

Question 4	0.470	0.240	Valid
Question 5	0.252	0.240	Valid
Question 6	0.497	0.240	Valid
Audit Quality			
Question 1	0.377	0.240	Valid
Question 2	0.522	0.240	Valid
Question 3	0.553	0.240	Valid
Question 4	0.574	0.240	Valid
Question 5	0.262	0.240	Valid
Question 6	0.458	0.240	Valid

**Source: Data Processed, 2013*

Table 4.4 displays the results of the test of validity for all of the questions instruments. From the table, researcher concludes and determines that only one questions considered invalid (question number 1 of independence), because r count < r table which is 0.162<0.240. Meanwhile the other questions have higher value compare to the r table. Therefore, the rest of the questions of professional skepticism, independence, experience, and audit quality are valid.

b. Test of Reliability

The reliability of a measure indicates the extent to which the measure is without bias (error free) and hence offers consistent measurement across time and various items in the instrument (Sekaran, 2003). An instrument can be stated a good instrument to collect the data and free from bias when it is categorized as reliable. This test is a process to measure towards consistency of an instrument. In this research, the test is based on Cronbach Alpha Value, if the value of Cronbach Alpha > 0.60 (Sekaran, 2003). Therefore, the answer of the respondent is reliable. The researcher uses SPSS 19.0 software to conduct test of reliability and the result are present as follows:

Table 4.5

The Results of Reliability Test

Variable	**Cronbach Alpha Value**	**Critical value**	**Explanation**
Professional Skepticism	0.638	0.60	Reliable
Independence	0.702	0.60	Reliable
Experience	0.667	0.60	Reliable
Audit Quality	0.715	0.60	Reliable

**Source: Reliability Summary, 2013*

Table 4.5 shows the results of reliability test for all of the question instruments. Based on the table, researcher determines that Cronbach Alpha Value of Professional Skepticism is 0.638, Independence 0.702, Experience 0.667 and Audit Quality is 0.715. It can be concluded that all questions are reliable and can be used to analyze or measure each variable.

4.5. Normality Test

Normality test are aims to test whether the data have normal distribution. This will later on help the researcher to test the mediation model and decide whether to use the result from normal distribution assumption or bootstrapping method. Normality test in this research uses one – sample Kolmogrov-Smirnov with significant value of $\alpha = 0.05$ to conduct normality test. Then, the result of normality test using Kolmogorov-Smirnov is shows as follows:

Table 4.6

The Results of Normality Test using Kolmogorov-Smirnov

Variables	Kolmogrov-Smirnov	Significance	Explanation
Professional Skepticism	0.753	0.621	Normal
Independence	0.835	0.489	Normal
Experience	1.124	0.124	Normal
Audit Quality	0.966	0.308	Normal

**Source: Normality Summary, 2013*

Table 4.6 shows the result of normality test using Kolmogorov-Smirnov and it can be compared with the significant value of α = 0.05. Significance result of the test above are showing that the significance are greater than the α (0.05). Therefore, the researcher concludes that the data is normally distributed.

4.6. Hypothesis Testing

The quantitative analysis in this research is using simple linear regression for providing additional info, while mostly will use Sobel test using macro developed by Preachers and Hayes (2004) for testing the mediation effect that researcher focus on in this research. The test was conducted within Computer Statistic Program *SPSS for Windows Release 19.00.* The results are as follows:

a. Direct Effect of Audit Tenure on Audit Quality

Simple regression test to see direct effect of audit tenure towards audit quality has resulted information as follows:

Figure 4.7

Model Summary of Audit Tenure & Audit Quality

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595[a]	.355	.340	.29733

a. Predictors: (Constant), Tenure

**Source: Linear Regression Test, 2013*

According to table 4.7, the model summary between audit tenure (X) and audit quality (Y) can be seen. The analysis is done in the value of R which showed the correlation between X (independent) and Y (dependent), while R^2 explain the estimation or factor estimation that influence Y (dependent).

The number in model summary was 0.595. This number is greater than the critical value 0.5 (0.595>0.5). Therefore there is correlation exist between audit tenure and audit audit quality. While the number of R^2 showed 0.355 and for Adjusted R^2 is 0.340. This number indicates that the influence of audit tenure on audit quality is 34.0% and the other factors are influenced by another factor that is not examined in this research.

Figure 4.8

Coefficient of Audit Tenure & Audit Quality

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.692	.101		36.723	.000
	Tenure	.278	.055	.595	5.026	.000

a. Dependent Variable: Quality

**Source: Linear Regression Test, 2013*

From the results above, the regression formula can be formulated as follows:

Y = a + bx

So,

Y = 3.692 + 0.278x

According to the formula, it can be concluded that:

a. The value of constant is 3.692 shows that if there is no increasing exists in audit tenure or other factors, then the number for audit quality will be 3.692.

b. The value of regression coefficient is 0.278 show that if there is increasing exist in audit tenure; will lead to increasing audit quality by 0.278.

Figure 4.9

ANOVA table of Audit Tenure & Audit Quality

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.234	1	2.234	25.264	.000[a]
	Residual	4.067	46	.088		
	Total	6.300	47			

a. Predictors: (Constant), Tenure
b. Dependent Variable: Quality

**Source: Linear Regression Test, 2013*

Based on table 4.8, F_{count} as 25.26 with significance of 0.0000 meaning the significance is less than 0.05 (0.0000<0.05).

The result of this direct effect model can be seen at the same time when conducting simple mediation test with macro, because this information is also provided. From the result, that is the same with the on conducted by manually regressing the independent variable to the dependent variable. The result is shown below:

Table 4.9

Result of Direct Effect using Mediation Macro

	Coeff	**s.e**	**t**	**Sig (two)**
b (YX)	0.277	0.552	5.0264	0.0000

**Source: Sobel Test, 2013*

b. Indirect Effect of Audit Tenure on Audit Quality through Professional Skepticism

Mediation test for simple mediation model involving audit tenure, professional skepticism and audit quality has resulted information as follows

Figure 4.10

Result of Mediation Test (Professional Skepticism)

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Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Prof

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
             Mean         SD   Quality    Tenure      Prof
Quality    4.1485      .3661    1.0000     .5954     .6473
Tenure     1.6458      .7852     .5954    1.0000     .7486
Prof       3.8052      .4354     .6473     .7486    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)        .2776     .0552    5.0264     .0000
b(MX)        .4151     .0542    7.6568     .0000
b(YM.X)      .3855     .1406    2.7418     .0087
b(YX.M)      .1176     .0780    1.5087     .1384

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect     .1600     .0625     .0376     .2824    2.5620     .0104

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect     .1600     .1573     .0563     .0490     .2727    -.0023     .3026

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .3265

********************************* NOTES **********************************

------ END MATRIX -----
```

**Source: Sobel Test, 2013*

From the result of mediation test conduct, we can see that:

(1) b(MX) .4151 .0542 7.6568 .0000

This information explains about the influence of audit tenure to professional skepticism. Regression coefficient showed by 0.4151 with

0.0000 (significant) meanings that the audit tenure positively influences professional skepticism.

(2) b(YM.X) .3855 .1406 2.7418 .0087

This information explains about the influence of professional skepticism to audit quality. Regression coefficient showed by 0.3855 with 0.0087 (significant) meanings that professional skepticism positively influence audit quality.

(3) b(YX.M) .1176 .0780 1.5087 .1384

This information explains about the influence of audit tenure to audit quality after professional skepticism inputted into the model. Regression coefficient showed by 0.1176 with 0.1384 (not significant).

Based on the result, we can see that complete mediation exist and showed the professional skepticism is a mediator or intervening variables, because after the professional skepticism inputted to the model, it becomes not significant. We can see also the significant of the mediation model is showed by value of 0.0104 (significant).

If we look into bootstraping result, the significance using bootstrapping method with df = n-1 (2.021) & significance level of 0.05:

$$= \frac{Value\ normal\ distribution}{standar\ error\ bootstraping}$$

$$= \frac{0.1600}{0.0563} = 2.841$$

From the result above, the value of 2.841 is greater than 2.021. Meanings that even using bootstrapping method the mediation model is also significant.

c. Indirect Effect of Audit Tenur on Audit Quality through Independence

Mediation test for simple mediation model involving audit tenure, independence and audit quality has resulted information as follows:

Figure 4.11

Result of Mediation Test (Independence)

```
Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Indep

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
             Mean        SD   Quality    Tenure     Indep
Quality    4.1485     .3661    1.0000     .5954    -.3331
Tenure     1.6458     .7852     .5954    1.0000    -.6414
Indep      3.5550     .4666    -.3331    -.6414    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)       .2776     .0552    5.0264     .0000
b(MX)      -.3811     .0672   -5.6700     .0000
b(YM.X)     .0651     .1221     .5329     .5967
b(YX.M)     .3024     .0726    4.1680     .0001

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect    -.0248     .0475    -.1178     .0682    -.5226     .6012

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect    -.0248    -.0259     .0465    -.1256     .0639    -.1816     .0954

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .1069

********************************* NOTES **********************************

------ END MATRIX -----
```

**Source: Sobel Test, 2013*

From the result of mediation test conduct, we can see that:

(1) b(MX) -.3811 .0672 -5.6700 .0000

This information explains about the influence of audit tenure to independence. Regression coefficient showed by -0.3811 with 0.0000 (significant), means that the audit tenure negatively influences professional skepticism.

(2) b(YM.X) .0651 .1221 .5329 .5967

This information explains about the influence of independence to audit quality. Regression coefficient showed by 0.0651 with 0.5967 (not significant), means that indendence positively influence audit quality.

(3) b(YX.M) .3024 .0726 4.1680 .0001

This information explains about the influence of audit tenure to audit quality after independence inputted into the model. Regression coefficient showed by 0.3024 with 0.0001 (significant).

Based on the result, we can see that mediation effect did not occured and showed that independence here is not a mediator or intervening variables, because after the independence inputted to the model, it becomes significant.

d. Indirect Effect of Audit Tenur on Audit Quality through Experience

Mediation test for simple mediation model involving audit tenure, experience and audit quality has resulted information as follows:

Figure 4.12

Result of Mediation Test (Experience)

```
Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Exp

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
            Mean        SD   Quality    Tenure       Exp
Quality    4.1485     .3661    1.0000     .5954     .6049
Tenure     1.6458     .7852     .5954    1.0000     .7470
Exp        3.7956     .4192     .6049     .7470    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)        .2776     .0552    5.0264     .0000
b(MX)        .3988     .0523    7.6195     .0000
b(YM.X)      .3164     .1501    2.1083     .0406
b(YX.M)      .1514     .0801    1.8900     .0652

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect     .1262     .0626     .0035     .2489    2.0159     .0438

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect     .1262     .1256     .0563     .0157     .2422    -.0439     .2686

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .3079

********************************* NOTES **********************************

------ END MATRIX -----
```

**Source: Sobel Test, 2013*

From the result of mediation test conduct, we can see that:

(1) b(MX) .3988 .0523 7.6195 .0000

This information explains about the influence of audit tenure to experience. Regression coefficient was 0.3988 with 0.0000 (significant) meanings that the audit tenure positively influences professional skepticism.

(2) b(YM.X) .3164 .1501 2.1083 .0406

This information explains about the influence of experience to audit quality. Regression coefficient was 0.3164 with 0.0406 (significant), means that experience positively influence audit quality.

(3) b(YX.M) .1514 .0801 1.8900 .0652

This information explains about the influence of audit tenure to audit quality after experience inputted into the model. Regression coefficient showed by 0.1514 with 0.652 (not significant).

Based on the result, we can see that complete mediation exist and it showed the experience is a mediator or intervening variables, because after the experience inputted to the model, it becomes not significant. We can see also the significant of the mediation model was showed by the value of 0.0438 (significant).

If we look into bootstraping result, the significance using bootstrapping method with df = n-1 (2.021) & significance level of 0.05:

$$= \frac{Value\ normal\ distribution}{standar\ error\ bootstraping}$$

$$= \frac{0.1262}{0.0563} = 2.241$$

From the result above, showing that 2.365 is greater than 2.021. Means that even using bootstrapping method the mediation model is also significant.

After conducting all of hypothesis testing, the researcher can summarize the result as follows:

Table 4.13

Hypotheses Testing Result

Hypotheses	**Notes**
H_1: *Audit tenure has a positive and significant influence toward audit quality*	Proven
H_2: *Audit tenure has a positive and significicant influence towards audit quality through professional skepticism.*	Proven
H_3: *Audit tenure has a negative and significant influence toward audit quality through independence.*	Not Proven
H_4: *Audit tenure has a positive and significant influence toward auditor quality through experience.*	Proven

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on the result of various test, data analysis and discussion, some conclusions that can be drawn from this research are following:

1. Audit tenure has a positive and significant influence toward audit quality, which is mentioned as direct effect. It means that the more audit tenure (in the second or third year) done by an auditor, the higher audit quality resulted.
2. Audit tenure has a positive and significant influence toward audit quality through professional skepticism, which is called as indirect effect. It means that professional skepticism indeed mediate the relationship between the two, showing a complete mediation.
3. Audit tenure has a negative and not significant influence toward audit quality through independence. It means that independence did not mediate the relationship between the two and it showed partial mediation instead.
4. Audit tenure has a positive and significant influence toward audit quality through experience. It means that experience indeed mediate the relationship between the two, showing a complete mediation.

5.2. Recommendation

Some suggestions for the future research on this topic based on the limitation that researcher found are mentioned as follows:

1. It would be better for the next research to collect more sample that is not limited to Yogyakarta area, and also considering the right time to distribute the questionnaire, in the low season (auditor) for example.
2. The next researcher is suggested to test the variables using multiple mediation model, instead of simple mediation.
3. It will be good if the future research is able to give implications about audit tenure on audit quality related with the regulation implemented in Indonesia about limitation of audit tenure.
4. The future research about the effects of audit tenure on audit qualities through some intervening variables can be further studied in Indonesia with better quality by adding more hypothesis or adding another variables that expected to influence the relationship.

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APPENDICES

APPENDIX 1: RESEARCH QUESTIONNAIRE

To:

Dearest, Mr./Mrs.

In the Place

With Regards,

I am the student of Undergraduate Program of Accounting Department Universitas Islam Indonesia Yogyakarta who do research with title ***"THE EEFECT OF AUDIT TENURE AND AUDIT QUALITY WITH PROFESSIONAL SKEPTICISM, INDEPENDENCE & EXPERIENCE AS INTERVENING VARIABLES".*** This research is the requirement to graduate from Undergraduate Degree or Strata Satu (S1).

Relate with that reason, I begging for your help to fill this questionnaire based on the questions written. Your help is needed to finish this research. The respondent's answers and identities will be guaranteed for privacy.

Then, humbly I thank to you for your help for filling this questionnaire.

Yogyakarta, 11 Maret 2013

Content Advisor	Researcher
Kumala Hadi Dr. H.,M,Si., Ak.	**Theresia Sheylla Yunnani**

A. Respondent's Data

1. Name : ………………………………….. (you can pass this one)
2. Age : …………………………………..
3. Last Education?

   a. S1 b. S2 c. S3

4. Your experiences as Auditor in Accounting Firm?

   a. 1-5 years b. 5-10 years c. > 10 years

5. **How long you've done audit for the same client?**

   a. 1 accounting period c. 3 accounting period

   b. 2 accounting period d. ….

B. Training of Questionnaire

INSTRUCTIONS FOR FILLING

1. Answer every question base on your condition ***when you perform audit to the client which you have filled the tenure in the question no. 5***.
2. Read each question carefully and select one answer from each question by crossed (x) marking into column given to your appropriate answer according to your opinion. Answer choices using a rating scale, and the meaning of the scale is as follows:

   SD : Strongly Disagree
   D : Disagree
   NA : Nearly Agree
   A : Agree
   SA : Strongly Agree

3. The answer to each question in accordance with the conditions of Mr./Mrs. currently.

PROFESSIONAL SKEPTICISM

NO.	QUESTIONS	SA	A	NA	D	SD
1.	I always re-study the client's business if there is change exist.					
2.	I always believe in what the client present in their financial statement.					
3.	No need to do re-calculation, if the numbers on financial staement is match with the supporting documents.					
4.	I follow the last year working paper while do the current year working paper, it's time saving.					
5.	Account balance that need to be vouch is with the big number one only.					
6.	I always ensure that the client already implement the right accounting standard.					

INDEPENDENCE

NO.	QUESTIONS	SA	A	NA	D	SD
1.	I interested and intend to invest in client's business.					
2.	Out of work, I've been closed to client's employees.					
3.	I'm afraid if my client hate me.					
4.	Killing two birds with one stone, I intend to look for partner of life in client company, it's my time already.					

5.	Sometimes, I help client for their bookeeping kindheartly, so we can audit immediately.					
6.	I'm not reject when client gift a present, it's a normal thing.					
7.	I feel more comfortable to work, if client give me better facilities.					

EXPERIENCE

NO.	QUESTIONS	SA	A	NA	D	SD
1.	I able to collect audit evidence needed fastly.					
2.	I can already predict the potential misstatement that may client's did.					
3.	I often did mistakes while performing audit.					
4.	I need more time to understand entire client's business.					
5.	From year to year, the time needed to finish working paper are the same.					
6.	I have understand the details of client's business really well.					

AUDIT QUALITY

NO.	QUESTIONS	SA	A	NA	D	SD
1.	The amount of the compensation will influence me to report the client's misstatement.					

2.	My understanding about cllient’s accounting information system is really well.					
3.	I have strong commitment to finish may audit task on time.					
4.	I always refer to to SPAP on doing fieldwork.					
5.	I always believe on client’s statement during the audit.					
6.	I always make a decision carefully related to my audit task.					

APPENDIX 2: QUESTIONNAIRE DATA

a. Audit Tenure

Resp	Tenure
1	1
2	1
3	1
4	1
5	1
6	2
7	3
8	2
9	2
10	2
11	1
12	1
13	2
14	1
15	3
16	1
17	1
18	2
19	1
20	2
21	3
22	2
23	1
24	3
25	1
26	1
27	1
28	2
29	1
30	2
31	1
32	3
33	1
34	2
35	3
36	3
37	1
38	1
39	2
40	1
41	2
42	1
43	3
44	1
45	1
46	3
47	1
48	1

b. Professional Skepticism

Resp	x1.1	x1.2	x1.3	x1.4	x1.5	x1.6	x1
1	4	4	3	2	2	5	3.33
2	4	3	3	2	3	4	3.17
3	5	4	4	2	4	5	4.00
4	4	4	4	2	2	2	3.00
5	5	4	4	3	3	5	4.00
6	4	3	3	3	3	4	3.33
7	5	4	5	3	4	5	4.33
8	4	4	3	4	4	4	3.83
9	4	4	4	2	4	4	3.67
10	4	3	2	3	2	5	3.17
11	4	3	2	3	3	5	3.33
12	5	3	2	3	2	4	3.17
13	5	3	5	2	4	5	4.00
14	5	5	3	1	3	5	3.67
15	5	5	4	4	4	5	4.50
16	5	4	5	4	2	5	4.17
17	5	4	4	4	1	5	3.83
18	5	4	5	3	4	4	4.17
19	4	4	3	3	3	4	3.50
20	4	3	3	4	4	5	3.83
21	5	5	5	5	2	4	4.33
22	4	4	3	4	3	4	3.67
23	4	3	5	3	3	5	3.83
24	5	4	4	4	3	5	4.17
25	4	3	3	3	3	4	3.33
26	5	4	3	3	3	5	3.83
27	4	4	4	3	3	5	3.83
28	4	3	3	4	5	5	4.00
29	4	4	3	3	3	4	3.50
30	4	4	4	4	3	4	3.83
31	4	3	3	3	2	5	3.33
32	5	5	4	4	4	5	4.50
33	4	4	3	4	2	4	3.50
34	5	4	4	4	3	4	4.00
35	5	5	4	4	4	5	4.50
36	5	5	4	3	4	5	4.33
37	4	3	3	3	3	4	3.33
38	4	4	4	3	3	5	3.83
39	5	4	3	4	4	5	4.17
40	4	3	3	3	3	4	3.33
41	5	4	4	4	3	4	4.00
42	4	4	4	3	3	4	3.67
43	5	5	5	4	5	5	4.83
44	4	3	3	4	4	4	3.67
45	3	4	3	3	3	4	3.33
46	4	5	4	5	5	5	4.67
47	4	5	3	3	3	4	3.67
48	4	4	4	3	3	4	3.67

c. Independence

Resp	x2.1	x2.2	x2.3	x2.4	x2.5	x2.6	x2
1	4	4	4	3	3	4	3.67
2	4	3	5	4	5	5	4.33
3	5	4	5	5	3	4	4.33
4	4	4	3	4	4	4	3.83
5	4	3	4	4	3	2	3.33
6	3	4	2	4	3	2	3.00
7	4	4	3	3	2	3	3.17
8	4	4	5	5	3	4	4.17
9	4	3	4	4	3	2	3.33
10	3	3	4	3	2	3	3.00
11	5	4	4	4	5	4	4.33
12	4	4	3	4	4	3	3.67
13	3	3	4	3	4	2	3.17
14	4	3	3	4	4	4	3.67
15	4	4	4	4	2	2	3.33
16	4	4	3	4	4	4	3.83
17	4	4	3	3	3	3	3.33
18	3	2	3	4	3	2	2.83
19	4	4	5	5	4	4	4.33
20	4	4	4	3	3	3	3.50
21	2	3	3	2	2	3	2.50
22	4	4	3	3	4	4	3.67
23	3	4	4	4	4	3	3.67
24	2	3	3	4	3	2	2.83
25	4	3	4	3	3	4	3.50
26	3	4	3	4	4	4	3.67
27	4	3	3	4	3	3	3.33
28	3	3	4	4	3	2	3.17
29	4	4	4	4	3	4	3.83
30	3	3	4	3	4	3	3.33
31	4	4	4	4	4	4	4.00
32	3	4	3	4	4	2	3.33
33	5	5	4	5	4	4	4.50
34	3	3	3	3	3	3	3.00
35	2	4	4	4	3	2	3.17
36	2	4	4	4	3	2	3.17
37	3	4	3	4	3	3	3.33
38	4	3	4	4	4	4	3.83
39	4	2	3	3	3	2	2.83
40	4	4	4	4	3	4	3.83
41	3	4	3	4	4	3	3.50
42	3	4	4	4	4	3	3.67
43	4	3	3	3	3	4	3.33
44	5	4	3	4	5	4	4.17
45	4	4	4	3	4	3	3.67
46	5	5	3	3	3	2	3.50
47	5	4	4	4	4	5	4.33
48	4	4	4	4	3	4	3.83

d. Experience

Resp	x3.1	x3.2	x3.3	x3.4	x3.5	x3.6	x3
1	4	3	3	3	4	3	3.33
2	4	4	3	4	3	3	3.50
3	4	3	4	3	2	4	3.33
4	4	3	3	2	3	3	3.00
5	5	4	3	3	4	3	3.67
6	4	4	3	4	3	4	3.67
7	5	4	4	4	3	5	4.17
8	4	4	3	3	4	4	3.67
9	4	4	4	2	4	4	3.67
10	4	4	3	2	2	4	3.17
11	4	4	3	3	4	4	3.67
12	4	4	4	4	3	4	3.83
13	4	4	5	4	4	4	4.17
14	5	3	3	4	3	4	3.67
15	5	4	4	4	5	4	4.33
16	3	3	4	4	4	5	3.83
17	4	4	4	4	3	5	4.00
18	5	4	4	5	5	4	4.50
19	3	4	4	3	4	4	3.67
20	4	4	5	3	3	4	3.83
21	4	4	5	4	5	5	4.50
22	4	3	3	4	4	4	3.67
23	3	3	3	3	5	3	3.33
24	4	5	4	4	3	5	4.17
25	3	3	3	3	4	3	3.17
26	4	4	2	4	3	4	3.50
27	4	3	4	4	4	3	3.67
28	5	4	3	5	5	5	4.50
29	3	4	3	3	4	4	3.50
30	5	4	4	4	4	4	4.17
31	4	3	3	4	3	4	3.50
32	5	4	3	4	4	5	4.17
33	4	4	3	3	3	4	3.50
34	5	4	3	4	4	4	4.00
35	5	5	4	4	3	4	4.17
36	5	4	5	5	4	5	4.67
37	4	3	3	4	3	3	3.33
38	4	4	4	4	4	4	4.00
39	4	4	5	4	5	4	4.33
40	4	3	4	3	3	3	3.33
41	5	4	5	3	4	4	4.17
42	3	3	3	4	3	4	3.33
43	5	4	4	5	4	5	4.50
44	4	4	3	4	4	4	3.83
45	4	3	3	4	3	4	3.50
46	4	4	3	5	5	4	4.17
47	4	3	3	4	3	4	3.50
48	3	3	3	3	4	4	3.33

e. Audit Quality

Resp	x4.1	x4.2	x4.3	x4.4	x4.5	x4.6	x4
1	3	4	4	4	3	4	3.67
2	4	4	5	5	4	5	4.50
3	4	4	5	5	3	5	4.33
4	2	3	4	4	4	4	3.50
5	5	4	4	5	4	4	4.33
6	3	3	4	4	4	5	3.83
7	4	5	5	5	4	5	4.67
8	4	4	4	4	4	4	4.00
9	3	4	4	4	3	4	3.67
10	4	4	4	4	4	4	4.00
11	3	4	5	4	3	5	4.00
12	5	4	5	4	3	5	4.33
13	5	4	5	5	4	5	4.67
14	3	3	5	5	3	5	4.00
15	4	5	5	5	5	5	4.83
16	4	3	4	4	5	5	4.17
17	4	4	4	4	4	5	4.17
18	4	4	5	5	4	5	4.50
19	4	4	4	5	4	4	4.17
20	4	3	5	5	4	5	4.33
21	3	4	5	5	4	5	4.33
22	4	4	5	5	3	5	4.33
23	4	3	4	4	4	4	3.83
24	4	5	5	5	5	5	4.83
25	3	3	4	5	4	4	3.83
26	5	4	5	4	3	5	4.33
27	4	3	4	4	4	5	4.00
28	4	4	5	5	4	4	4.33
29	4	4	4	4	3	4	3.83
30	3	4	5	4	3	4	3.83
31	3	3	4	5	4	5	4.00
32	4	5	5	5	4	5	4.67
33	3	4	5	4	3	4	3.83
34	4	5	5	5	4	5	4.67
35	4	4	5	4	4	4	4.17
36	3	4	5	5	4	5	4.33
37	3	3	4	4	3	4	3.50
38	3	4	4	4	4	4	3.83
39	4	4	5	5	4	4	4.33
40	3	3	4	4	4	5	3.83
41	3	3	4	4	3	4	3.50
42	4	3	4	4	4	4	3.83
43	5	5	5	5	4	5	4.83
44	4	4	4	4	3	4	3.83
45	3	4	4	5	4	5	4.17
46	4	5	5	5	4	5	4.67
47	4	4	5	4	4	4	4.17
48	4	4	4	4	3	4	3.83

APPENDIX 3: VALIDITY TEST

a. Professional Skepticism

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.623
Bartlett's Test of Sphericity	Approx. Chi-Square	43.073
	df	15
	Sig.	.000

b. Independence

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.650
Bartlett's Test of Sphericity	Approx. Chi-Square	49.022
	df	15
	Sig.	.000

c. Experience

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.588
Bartlett's Test of Sphericity	Approx. Chi-Square	48.313
	df	15
	Sig.	.000

d. Audit Quality

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi-Square	63.346
	df	15
	Sig.	.000

APPENDIX 4: RELIABILITY TEST

a. Professional Skepticism

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded[a]	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.638	.657	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X1	18.4375	5.443	.489	.404	.568
X2	18.9583	4.977	.471	.326	.557
X3	19.2292	4.734	.434	.299	.567
X4	19.5625	5.273	.268	.085	.637
X5	19.6458	4.957	.322	.165	.619
X6	18.3333	5.674	.303	.225	.617

b. Independence

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded[a]	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.702	.696	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X2	17.6458	5.297	.514	.330	.633
X3	17.6875	6.347	.341	.171	.688
X4	17.7083	6.296	.325	.217	.693
X5	17.5833	6.121	.419	.275	.667
X6	17.9167	5.780	.427	.265	.664
X7	18.1250	4.793	.571	.417	.611

c. Experience

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded[a]	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.667	.682	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X1	18.6458	4.744	.414	.289	.620
X2	19.0625	4.911	.457	.327	.613
X3	19.2083	4.637	.352	.176	.643
X4	19.0833	4.291	.470	.379	.597
X5	19.0833	4.844	.252	.146	.683
X6	18.7708	4.606	.497	.387	.594

d. Audit Quality

Case Processing Summary

		N	%
Cases	Valid	48	100.0
	Excluded[a]	0	.0
	Total	48	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.715	.726	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
X1	21.1667	3.418	.377	.192	.704
X2	21.0208	3.212	.522	.384	.651
X3	20.3750	3.516	.553	.490	.648
X4	20.4167	3.482	.574	.413	.642
X5	21.1458	3.914	.262	.210	.730
X6	20.3542	3.680	.458	.319	.674

APPENDIX 5: NORMALITY TEST

a. Professional Skepticism

One-Sample Kolmogorov-Smirnov Test

		ProfSkep
N		48
Normal Parameters[a,b]	Mean	22.8333
	Std. Deviation	2.63635
Most Extreme Differences	Absolute	.109
	Positive	.109
	Negative	-.088
Kolmogorov-Smirnov Z		.753
Asymp. Sig. (2-tailed)		.621

a. Test distribution is Normal.
b. Calculated from data.

b. Independence

One-Sample Kolmogorov-Smirnov Test

		Indep
N		48
Normal Parameters[a,b]	Mean	21.3333
	Std. Deviation	2.80071
Most Extreme Differences	Absolute	.120
	Positive	.120
	Negative	-.077
Kolmogorov-Smirnov Z		.835
Asymp. Sig. (2-tailed)		.489

a. Test distribution is Normal.
b. Calculated from data.

c. **Experience**

One-Sample Kolmogorov-Smirnov Test

		Exp
N		48
Normal Parameters[a,b]	Mean	22.7708
	Std. Deviation	2.51159
Most Extreme Differences	Absolute	.162
	Positive	.162
	Negative	-.125
Kolmogorov-Smirnov Z		1.124
Asymp. Sig. (2-tailed)		.160

a. Test distribution is Normal.
b. Calculated from data.

d. **Audit Quality**

One-Sample Kolmogorov-Smirnov Test

		Quality
N		48
Normal Parameters[a,b]	Mean	24.8958
	Std. Deviation	2.19516
Most Extreme Differences	Absolute	.139
	Positive	.139
	Negative	-.109
Kolmogorov-Smirnov Z		.966
Asymp. Sig. (2-tailed)		.308

a. Test distribution is Normal.
b. Calculated from data.

APPENDIX 6: SIMPLE REGRESSION (DIRECT EFFECT)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595[a]	.355	.340	.29733

a. Predictors: (Constant), Tenure

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.692	.101		36.723	.000
	Tenure	.278	.055	.595	5.026	.000

a. Dependent Variable: Quality

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.234	1	2.234	25.264	.000[a]
	Residual	4.067	46	.088		
	Total	6.300	47			

a. Predictors: (Constant), Tenure
b. Dependent Variable: Quality

APPENDIX 7: SOBEL TEST

a. Simple Mediation 1 (Professional Skepticism)

```
Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Prof

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
             Mean        SD   Quality    Tenure      Prof
Quality    4.1485     .3661    1.0000     .5954     .6473
Tenure     1.6458     .7852     .5954    1.0000     .7486
Prof       3.8052     .4354     .6473     .7486    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)        .2776     .0552    5.0264     .0000
b(MX)        .4151     .0542    7.6568     .0000
b(YM.X)      .3855     .1406    2.7418     .0087
b(YX.M)      .1176     .0780    1.5087     .1384

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect     .1600     .0625     .0376     .2824    2.5620     .0104

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect     .1600     .1573     .0563     .0490     .2727    -.0023     .3026

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .3265

********************************* NOTES **********************************

------ END MATRIX -----
```

b. Simple Mediation 2 (Independence)

```
Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Indep

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
             Mean        SD   Quality    Tenure     Indep
Quality    4.1485     .3661    1.0000     .5954    -.3331
Tenure     1.6458     .7852     .5954    1.0000    -.6414
Indep      3.5550     .4666    -.3331    -.6414    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)       .2776     .0552    5.0264     .0000
b(MX)      -.3811     .0672   -5.6700     .0000
b(YM.X)     .0651     .1221     .5329     .5967
b(YX.M)     .3024     .0726    4.1680     .0001

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect    -.0248     .0475    -.1178     .0682    -.5226     .6012

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect    -.0248    -.0259     .0465    -.1256     .0639    -.1816     .0954

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .1069

********************************* NOTES **********************************

------ END MATRIX -----
```

c. Simple Mediation 3 (Experience)

```
Run MATRIX procedure:

**************************************************************************

Preacher And Hayes (2004) SPSS Script For Simple Mediation

Written by Andrew F. Hayes, The Ohio State University

http://www.comm.ohio-state.edu/ahayes/

VARIABLES IN SIMPLE MEDIATION MODEL
 Y        Quality
 X        Tenure
 M        Exp

DESCRIPTIVES STATISTICS AND PEARSON CORRELATIONS
             Mean        SD   Quality    Tenure       Exp
Quality    4.1485     .3661    1.0000     .5954     .6049
Tenure     1.6458     .7852     .5954    1.0000     .7470
Exp        3.7956     .4192     .6049     .7470    1.0000

SAMPLE SIZE
       48

DIRECT And TOTAL EFFECTS
            Coeff      s.e.         t  Sig(two)
b(YX)       .2776     .0552    5.0264     .0000
b(MX)       .3988     .0523    7.6195     .0000
b(YM.X)     .3164     .1501    2.1083     .0406
b(YX.M)     .1514     .0801    1.8900     .0652

INDIRECT EFFECT And SIGNIFICANCE USING NORMAL DISTRIBUTION
           Value      s.e.  LL 95 CI  UL 95 CI         Z  Sig(two)
Effect     .1262     .0626     .0035     .2489    2.0159     .0438

BOOTSTRAP RESULTS For INDIRECT EFFECT
            Data      Mean      s.e.  LL 95 CI  UL 95 CI  LL 99 CI  UL 99 CI
Effect     .1262     .1256     .0563     .0157     .2422    -.0439     .2686

NUMBER OF BOOTSTRAP RESAMPLES
     1000

FAIRCHILD ET AL. (2009) VARIANCE IN Y ACCOUNTED FOR BY INDIRECT EFFECT:
     .3079

********************************* NOTES **********************************

------ END MATRIX -----
```

BISMAR, MUNTALIB & YUNUS
Registered Public Accountant
Jl. Soka No. 24 Baciro, Yogyakarta 55225

SURAT KETERANGAN

Yang bertandatangan di bawah ini:

Nama	: Putri Ayu Riandari
Jabatan	: Manager Operasional Kantor Akuntan Publik BISMAR, MUNTALIB & YUNUS Cabang Yogyakarta

Bersama ini menerangkan bahwa:

Nama	: Theresia Sheylla Yunnani
NIM	: 09312243
Fakultas / Jurusan	: Ekonomi / Akuntansi
Universitas	: Universitas Islam Indonesia

Telah menyebarkan Kuisioner penelitian dalam rangka menyusun skripsi yang berjudul ***"The Effect of Audit Tenure to Audit Quality with Professional Skepticism, Independence and Experience as Intervening Variable"***

Demikian surat keterangan ini dibuat dan untuk digunakan sebagaimana mestinya.

Yogyakarta, 2 April 2013
KAP Bismar, Muntalib & Yunus

BISMAR, MUNTALIB & YUNUS BMY Registered Public Accountants

Putri Ayu Riandari
Manager Operasional

dbsd&a

Doli, Bambang, Sulistiyanto, Dadang & Ali
Registered Public Accountants
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SURAT KETERANGAN PENELITIAN

No. 002/OL-60213/DBSDA

Dengan Hormat,
Yang bertanda tangan dibawah ini:

Nama	:	**Rian Septi Riani**
Jabatan	:	Administrasi Kantor Akuntan Publik DBSD&A **"Doli, Bambang, Sulistiyanto, Dadang & Ali"** Kantor Yogyakarta
Alamat	:	Jl. Kusumanegara (Pojok Pertigaan Balai Kota) Yogyakarta
Telp	:	0274 – 8339177, Fax. 0274 - 381212
E-mail	:	dbsd_bhartadi@yahoo.com

Dengan ini menerangkan bahwa:

Nama	:	Theresia Sheylla Yunnani
NIM	:	09312243
Fakultas	:	Ekonomi
Jurusan	:	Akuntansi
Asal Perguruan Tinggi	:	Universitas Islam Indonesia
Judul Penelitian	:	***"The Effect of Audit Tenure to Audit Quality with Professional Skepticism, Independence and Experience as Intervening Variable"***

Telah melaksanakan penelitian (*Penyebaran Kuisioner*) di Kantor Akuntan Publik **"Doli, Bambang, Sulistiyanto, Dadang & Ali"** Kantor Yogyakarta.

Demikian surat ini kami buat, untuk dapat dipergunakan sebagaimana mestinya.

Yogyakarta,25 Februari 2013
Kantor Akuntan Publik DBSD&A
Doli, Bambang, Sulistiyanto, Dadang & Ali
Kantor Yogyakarta

Rian Septi Riani
Administrasi

Drs. HENRY & SUGENG
Registered Public Accountants
Tax and Management Consultans
Kep-1365/KM.I/2009

SURAT KETERANGAN

Nomor : 08/KAP/HS/YGY/III/2013

Perihal : Surat Keterangan

Yang bertandatangan dibawah adalah Pimpinan KAP Drs. Henry & Sugeng menerangkan bahwa :

Nama	: Theresia Sheylla Yunnani
No. Mahasiswa	:
Jurusan	: Akuntansi
Fakultas	: Ekonomi Universitas Islam Indonesia

Adalah benar telah mengirimkan kuisioner untuk penelitian dalam rangka menyusun skripsi dengan judul " The Effect of Audit Tenure and Audit Quality With Professional Skepticism, Independence & Experience as Intervening Variables".

Demikian Surat Keterangan ini dibuat dan untuk digunakan sebagaimana perlunya.

Yogyakarta, 26 Maret 2013
Managing Partner
KAP Drs. Henry & Sugeng

Wiwit Atik Setiarini,SE
Administrasi

Kantor Pusat : Jl. Gajah Mada 22 Telp. (0274) 514883 Fax. (0274) 514883 Yogyakarta 55112
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HLB **Hadori Sugiarto Adi & Rekan**
Certified Public Accountants

SURAT KETERANGAN
No. : 017/Cb-Yk.HSAR/R/IV/2013

Dengan ini menerangkan bahwa yang bersangkutan:

Nama	:	THERESIA SHEYLLA YUNNANI
Status	:	Mahasiswa
NIM	:	09312243
Program Studi	:	Akuntansi (Program Internasional)
Fakultas	:	Ekonomi
Universitas	:	Universitas Islam Indonesia
Alamat	:	Ring Road Utara, Jl. Pawiro Kuwat Condong Catur, Depok Sleman, Yogyakarta 55283

Telah benar-benar melakukan penyebaran kuesioner dalam rangka penelitian guna menyelesaikan penulisan disertasi dengan judul "The Effect of Audit Tenure to Audit Quality with Professional Skepticism, Independence and Experience as Intervening Variable" di Kantor Akuntan Publik HLB HADORI SUGIARTO ADI & REKAN Cabang Yogyakarta.

Demikian surat keterangan ini kami buat agar digunakan sebagaimana mestinya.

Yogyakarta, 03 April 2013
KAP HLB Hadori Sugiarto Adi & Rekan Cabang Yogyakarta

Rini Astuti, B.Sc
Office Manager

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SURAT KETERANGAN

Yang bertandatangan dibawah ini menerangkan bahwa:

Nama	: Theresia Sheylla Yunnani
NIM/NIRM	: 09312243
Program Studi	: Akuntansi
Universitas/Instansi	: Universitas Islam Indonesia

Telah menyebarkan kuisioner untuk penelitian tesis dengan judul

"The Effect of Audit Tenure to Audit Quality with Professional Skepticism, Independence and Experience as Intervening Variabel ".

Demikian Surat Keterangan ini dibuat dan untuk digunakan sebagaimana perlunya.

Yogyakarta, 20 Maret 2013
Management Service

(Galih Endah .P.)