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THE EFFECT OF AUDIT TENURE AND AUDITOR ROTATION ON AUDIT QUALITY
(EMPIRICAL STUDY OF TELECOMMUNICATION SUB-SECTOR SERVICE COMPANIES ON THE IDX IN 2013-2018)

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Abstract
This study aims to investigate the effects of audit tenure and auditor rotation on audit quality in telecommunications subsector service companies listed on the IDX. Audit tenure is measured by examining the engagement period undertaken by KAP and its clients, assigning a value of 1 in the first year and incrementing by 1 for each subsequent year. Auditor rotation will be measured using a dummy variable that indicates whether there is a change in auditors during the audit process. For audit quality in this study, it will be evaluated by whether the hood is affiliated with the oversized four-hood. This study uses a sample of telecommunication sub-sector service companies listed on the IDX. This study employs purposive sampling. Nonprobability sampling is a sampling technique in which elements or members of the population are not selected with equal probability. Purposive sampling is a method that selects samples from a population based on specific criteria. The sample consisted of 5 companies, totaling 30 samples. The data analysis techniques employed in this study include descriptive statistics and logistic regression analysis. The software used for data processing is SPSS version 22 for Windows. The results of hypothesis testing are as follows. To determine whether audit tenure, auditor rotation, and simultaneous and partial effects on audit quality, and how much influence audit tenure and auditor rotation have on audit quality.

Keywords: audit tenure, auditor rotation, audit quality

INTRODUCTION

Anas et al. (2023). Today, in the context of a company's continuity, one way to connect investors with the company is by presenting financial reports. Financial reports are the primary medium through which companies convey financial information and demonstrate management accountability. It is in these financial reports that investors can see whether management's performance is good or bad in running the company; therefore, the information in the financial statements must be reliable and trustworthy, as it can be helpful in decision-making. (Lisa et al., 2023).

Mu'nis & Komaladewi (2019) Say that differences in interests between management and shareholders often occur because management is not a party that bears the risk as a result of making wrong decisions. (Rawi & Muchlish, 2022)The risk is only borne by the owners, namely, shareholders. As the company's profits cannot be thoroughly enjoyed by management, management tends not only to focus on shareholders' prosperity but also to act in its own interests. Therefore, an independent third party is needed as a mediator between shareholders and management.(Saraswati & Puteri, 2023).

Mediator between the relationship between shareholders and management. The role of this third party is to monitor management's behavior and whether it has acted in accordance with shareholders' wishes. In this case, the auditor is a party considered capable of connecting the interests of shareholders with those of management. To function properly, auditors must produce quality audit opinions that are useful to the business world and the wider community. (Sihono & Munandar, 2023).

Tampubolon & Siagian (2020) Financial statement auditing is one way for companies and their management to gain public trust. Auditing is expected to minimize information asymmetry between managers and investors by verifying the validity of financial statements. To generate client confidence in the auditor, the resulting quality must be good. (Suryandari & Susandya, 2023)The quality of an audit process is essential to ensure that financial statements can serve as a basis for decision-making and are trusted by the public and other third parties. From the auditor's point of view, an audit is considered quality if the auditor adheres to the general auditing standards set out in the auditing standards statement, including the professional qualities of independent auditors, the judgment used in conducting audits, and the preparation of audited financial statements. (Sofyani et al., 2024).

Widijaya & Peny, (2020) in Alkausar et al., (2021) Defines audit quality as the auditor's ability to find and report fraud in the client's accounting system, and the ability to find and report fraud depends on the auditor's ability. Many things influence audit quality. In this study, audit quality is related to audit tenure and auditor rotation. These two variables are considered to affect audit quality.

Audit quality is reflected in the auditor's ability to understand the company's business processes and accounting systems. The auditor's understanding of this is based on the applicable accounting standards (Chandra & Junita, 2021). Audit quality in various previous studies is often associated with KAP size. Large KAP is synonymous with highly reputable KAP, which, in this case, reflects the auditors' ability to carry out audits professionally and independently because KAP becomes less economically dependent on clients. Clients are also less able to influence the auditor's

opinion. The reason for this is the advantages of large KAPs, namely the large number and variety of clients handled, the wide variety of services offered, the presence of international affiliations, and the large number of audit staff within a KAP (Fujianti et al., 2024).

Based on the background and existing phenomena, this research examines the effects of audit tenure and auditor rotation on audit quality, particularly in telecommunication sub-sector service companies listed on the Indonesia Stock Exchange during the 2013–2018 period. Previous studies have often examined these variables separately and focused on different sectors, such as manufacturing or banking, with relatively inconsistent findings regarding the relationship between tenure, rotation, and audit quality.

The novelty of this study lies in its focus on the telecommunication sub-sector, which has unique business characteristics and regulatory pressures that may influence audit practices differently. Additionally, this research contributes to the existing literature by simultaneously testing both variables, allowing for a deeper understanding of their joint influence on audit quality. Practically, the results of this study are expected to provide insights for regulatory bodies (such as OJK and IAPI) in formulating or evaluating policies on auditor rotation and tenure. For companies, especially those in high-risk and highly regulated industries such as telecommunications, the findings may guide how to manage auditor relationships without compromising audit quality. Theoretically, this research enriches the audit literature by integrating agency theory and auditor independence concepts in explaining how long-term relationships and mandated changes affect the credibility of financial reporting.

THEORETICAL OVERVIEW

Audit Quality

Audit quality refers to the auditor's ability to detect and report material misstatements in the financial statements (Widijaya & Peny, 2020, in Al Kausar et al., 2021). High audit quality ensures that the financial information presented to stakeholders is reliable and valid for decision-making (Lisa et al., 2023). According to Sofyani et al. (2024), quality audits are characterized by compliance with auditing standards, independence, and sound professional judgment. An audit is considered credible when it can minimize information asymmetry between management and investors (Tampubolon & Siagian, 2020), and reinforce public trust (Suryandari & Susandya, 2023).

Audit Tenure

Audit tenure is the length of time an auditor or public accounting firm has been assigned to audit a client's financial statements. Long audit tenure may lead to a more profound understanding of the client's business, thereby improving audit effectiveness (Chandra & Junita, 2021). However, long-term engagements may also raise concerns about auditor independence due to close

relationships that develop over time. As stated by Widijaya & Peny (2020), prolonged audit tenure may compromise objectivity, thereby affecting audit quality.

Auditor Rotation

Auditor rotation is a policy that limits the length of an auditor's engagement with the same client by mandating periodic changes. The aim is to preserve independence and reduce the risk of collusion. Saraswati & Puteri (2023) emphasize that rotation ensures a fresh perspective in audit procedures, reducing familiarity threats. Fujianti et al. (2024) further argue that frequent rotation, especially among large and reputable audit firms (KAP), contributes to high audit quality due to strong professional ethics and international auditing standards.

Hypotheses Development

Based on the theoretical background and previous empirical studies, the following hypotheses are proposed:

H1: Audit tenure has a significant effect on audit quality

Longer tenure may improve auditor understanding of the client, but could also impair independence. This dual potential makes it a critical variable to investigate.

H2: Auditor rotation has a significant effect on audit quality.

Auditor rotation is expected to improve independence and introduce new audit perspectives, thus enhancing audit quality.

H3: Audit tenure and auditor rotation simultaneously have a significant effect on audit quality.

These two factors are interrelated in shaping audit effectiveness and credibility. Together, they may better explain variations in audit quality than when analyzed individually.

RESEARCH METHODS

The type of data used by researchers in this study is secondary data, which means that the data source is obtained directly through intermediary media (obtained and recorded by other parties)(Fujianti et al., 2024). Secondary data in this study is taken from the Indonesia Stock Exchange (IDX) website, downloaded as independent auditor reports and financial reports of the companies to be observed.(Iskandar & Fasihat, 2024)

A population is a generalization area consisting of objects or subjects with specific qualities and characteristics that researchers define to study and draw conclusions. (Madinah, 2024). In this study, the population is a telecommunications sub-sector service company listed on the IDX in the 2013-2018 period. Which amounted to 5 companies:

1. BTEL- Bakerie Telecom Tbk
2. EXCL-XL Axiata Tbk

3. FREN—Smartfren Telecom Tbk
4. ISAT—Indosat Tbk
5. TLKM- Telekomunikasi Indonesia Tbk

The sample is part of the population's number and characteristics. Sampling must be appropriate and can represent and describe the actual population. (Mukhibad et al., 2020). In this study, purposive sampling will be used. Nonprobability sampling means a sampling technique that does not provide equal opportunities/opportunities for each element or member of the population to be selected as a sample. Purposive sampling is a technique that selects samples from a population based on specific criteria. (Pranesti & Kusuma, 2021). For sampling criteria in this study, researchers used several criteria, namely:

1. Telecommunication sub-sector service companies listed on the Indonesia Stock Exchange from January 1, 2013, to 2018.
2. Publish annual financial reports (annual reports) during the study period (2013-2018).
3. Issued an independent auditor's report during the research period (2013-2018).
4. During the research period (2013-2018), the company (auditee) did not experience delisting from the IDX.

Research Variables

This study consists of two independent variables and one dependent variable. The independent variables in this study are audit tenure and auditor rotation, and the dependent variable is audit quality.

Research Design

This study uses a qualitative approach to explore the impact of audit tenure and auditor rotation on audit quality in the telecommunications sub-sector listed on the Indonesia Stock Exchange (BEI) from 2013 to 2018. By employing qualitative methods, the research aims to gather in-depth insights into the experiences and perceptions of auditors and management regarding audit practices.

Research Target/Subject

The research will be conducted over six months, starting from January 2023 to June 2023. The primary location for this study will be the offices of selected telecommunications companies in Jambi and Jakarta, Indonesia, where auditors and management personnel can be interviewed.

Research Procedure

Research will follow a systematic procedure involving the following steps:

1. Preparation: Develop interview guides and obtain necessary permissions.
2. Data Collection: Conduct interviews with auditors and management representatives.
3. Data Recording: Audio-record interviews and take notes for accuracy.

4. Data Transcription: Transcribe audio recordings for analysis.

5. Data Analysis: Analyze transcripts to identify themes and patterns related to audit quality.

Instruments and Data Collection Techniques

Data will be collected using semi-structured interviews as the primary instrument. The interview questions will focus on participants' experiences with audit tenure and rotation, their perceptions of audit quality, and any challenges they faced during the auditing process. Additionally, relevant documentation from the companies will be reviewed to supplement the interview data. (Pranesti & Kusuma, 2021)

Data analysis technique

The data analysis will involve thematic analysis, where the transcribed interviews will be coded and categorized into themes that relate to the research objectives. This qualitative analysis will allow interpretation of how audit tenure and auditor rotation influence audit quality, providing insights into stakeholders' perceptions.(Pratama & Urumsah, 2024).

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RESULTS AND DISCUSSION

Tabel 1
Descriptive Statistics

	N					
	Valid	Missing	Mean	Std. Deviation	Minimum	Maximum
Audit Tenure	30	0	2,57	1,675	1	6
Auditor Rotation	30	0	,67	,479	0	1
Audit Quality	30	0	,53	,507	0	1

Source: Secondary data that has been processed in SPSS 22

Based on Table 3.1, the following can be described:

1. The total number of research samples is five companies with an observation period of 6 years, so that the total N is 30 units of analysis, consisting of 2 independent variables, namely audit tenure

and auditor rotation.

2. Audit tenure has a minimum value of 1 and a maximum value of 6, which means that of the 30 units of analysis, the longest audit tenure is 6 years. The average audit tenure is 2.57, with a standard deviation of 1.675.
3. Auditor rotation () has a minimum value of 0 and a maximum value of 1, for the average auditor rotation of 0.67 and a standard deviation of 0.479.

Data Testing

The multicollinearity test in this study was conducted to assess the degree of correlation among the independent variables. A good regression is one with no strong correlation between independent variables. Multicollinearity testing in this model is performed using a correlation matrix between independent variables. The following multicollinearity test results are shown in the table.

Tabel 2

Multicollinearity Test Results

		Constant	Audit Tenure	Rotasi Auditor
Step 1	Constant	1.000	-.574	-.725
	Audit Tenure	-.574	1.000	-.024
	Rotasi Auditor	-.725	-.024	1.000

Source: Secondary data processed in SPSS 20

Based on table 3.2, it can be seen that the calculation results of the Constant value show that no independent variables have a Constat value of more than 1.0, meaning that there is no correlation between independent variables that is more than 100%. So, it can be concluded that there is no multicollinearity between independent variables in the regression model.

Logistic Regression Analysis

Assessing the Overall Fit of the Model

Rahmawati et al., (2022) Overall, Fit Model testing is conducted to assess whether the model fits the data, both before and after the independent variables are entered. The assessment of model fit is undertaken by comparing the value between -2logLikelihood (-2LL) at the beginning (Block Number zero), where the model only includes the value of -2 log likelihood and constant, with the value of -2 log Likelihood (-2LL) at the end (Block Number one), where the model includes constants and independent variables. If the value of -2LL Block Number zero > value of -2LL Block Number one, then it indicates a good regression model. (Sulistiani et al., 2023).

Table 3
Likelihood block 0

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	41.455	.133

	2	41.455	.134

a. Constantis included in the model.
b. Initial -2 Log Likelihood: 41,455
c. Estimation terminated at iteration number 2 because parameter estimates changed by less than 001.
Source: Secondary data processed in SPSS 20

As we can see in Table 3.3, the value generated by the regression model when only the constant is entered is 41,455, and then the value increases when the audit tenure and auditor rotation values are entered.

Table 4 Likelihood Block 1

Iteration		-2 Log likelihood	Coefficients Constant	Audit Tenure	Rotasi Auditor
Step 1	1	29.042	.191	.414	-1.682
	2	27.887	.284	.606	-2.278
	3	27.822	.365	.656	-2.484
	4	27.822	.376	.658	-2.502
	5	27.822	.376	.658	-2.502

Source: Secondary data processed in SPSS 20
a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 41,455
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than 001.
Source: Secondary data processed in SPSS 20

In Table 4.3, it can be seen that the initial -2 log Likelihood at Block Number zero, which is a model that only includes constants, in step 3, is 40.381. In Table 4.4, it can be seen that the final -2 log Likelihood value at Block Number one changed after several independent variables were entered into the research model, so that the final value at step 4 was 38.042. (Mulyantoro et al., 2024)This means that the -2 log Likelihood value at Block Number zero > -2LL value at Block Number one. The decrease in value indicates that this model is deemed fit, meaning that adding independent variables to the research model will improve the fit of this study. (Sofyani et al., 2024).

Testing the Feasibility of Regression Models

The feasibility and suitability of the model in logistic regression can be assessed using Hosmer and Lemeshow's Goodness of Fit Test, measured by the Chi-Square value. The probability of significance obtained is then compared with the significance level (α) of 5%. If the significance value is > 0.05, then the model can be accepted (Ghozali, 2013). The Hosmer and Lemeshow test can be seen from the Hosmer and Lemeshow Test table presented in Table 4.5 below:

Table 5
Hosmer and Lemeshow Test Results

Step	Chi-square	df	Sig.
1	4.080	5	.538

Source: Secondary data processed in SPSS 20

Table 4.5 shows the results of the Hosmer and Lem show Test. The Hosmer and Lemeshow test indicates that the Goodness of Fit Test is greater than 0.05, which means the model can predict the observed values and is acceptable. The SPSS output shows the Hosmer and Lem show Goodness of Fit Test value of 4.080 with a significance probability of 0.538, which is above 0.05. Thus, the regression model used is acceptable.

Simultaneous Test (Omnibus Test of Model Coefficient)

Hypothesis testing to determine the simultaneous influence of independent variables on dependent variables using the Chi-Square value. In the logistic regression analysis in SPSS, the results are displayed in the form of an Omnibus Test of Model Coefficients table. In this study, simultaneous testing is used to address the first problem: whether the audit tenure variable (X1) and auditor rotation (X2) have a significant effect on audit quality (Y).(Dian Aditya et al., 2023)

According to (Biduri et al., 2023) To determine whether the independent variables simultaneously influence the dependent variable, a hypothesis test is used by comparing the calculated Chi-Square value with the Chi-Square table at a 95% confidence level (α = 0.05). Acceptance or rejection of the hypothesis is based on the decision criteria, namely, if the calculated Chi Square < Chi Square table, the hypothesis is rejected; if the calculated Chi Square> Chi Square table, the hypothesis is accepted.

Another way to assess this hypothesis is to look at the significance (p-value). If the level of significance is smaller than α, then H_0Rejected and H_aAccepted. The following presents the results of simultaneous testing using computer assistance with the SPSS for Windows version 20 program, as shown in Table 3.6.

Table 6
Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	13.634	2	.001
	Block	13.634	2	.001
	Model	13.634	2	.001

Source: Secondary data processed in SPSS 20

In Table 4.7, the Chi-Square result (13.634) is greater than the Chi-Square table value with df = 2 (5.991). At a significant level (ρ-value) of 0.001, which is much smaller than 0.05. So, the regression model can be used to predict audit quality, or we can say that audit tenure and auditor rotation have a significant effect on audit quality.

Testing Regression Coefficients (Partial)

Based on the results of the logistic regression test, the regression model is suitable for use in analyzing test predictions carried out at the significance level (α) 5%. The following displays the Variables in the Equation used to show the influence of two independent variables on audit quality in telecommunications sub-sector service companies on the Indonesia Stock Exchange, as shown in Table 3.7.

Table 7 Results of Partial Independent Variable Testing
Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	x1	.658	.336	3.846	1	.050	1.932
	x2	-2.502	1.210	4.278	1	.039	.082
	Constant	.376	1.331	.080	1	.777	1.457

a. Variable(s) entered on step 1: Audit Tenure, Auditor Rotation.
Source: Secondary data processed in SPSS 20

Table 4.8 shows the results of the logistic regression test at the 5% significance level. The influential variables are variables whose significance is less than 0.05; namely, the audit tenure variable (sig = 0.050) has an effect because its significance value is smaller than or the same as 0.05, and the auditor rotation variable (sig = 0.039) has an impact because its significance is also smaller than 0.05. Based on the testing with the logistic regression above, the following logistic regression Equation is obtained:

Audit quality = 0,376+0,658X1-2,502X2+ e

The logistic regression Equation can be interpreted as follows:

1. The constant of 0.376 means that if all independent audit tenure variables (X_1), and auditor rotation (X_2), are considered to have a value of 0 (zero), then the audit quality value is 0.376
2. Regression coefficient of audit tenure variable (X_1) of 0.658, meaning that if audit tenure increases by one unit while other variables are considered constant, there will be an increase in audit quality of 0.658. The audit tenure variable is positively related to audit quality.
3. The regression coefficient of the auditor rotation variable (X_2) of -2.502, meaning that if the auditor rotation increases by one unit while other variables are considered constant, there will be a decrease in audit quality of -2.502. The auditor rotation variable is negatively related to audit quality.

Table 8
Summary of Hypothesis Testing Resul

No	Hypothesis	Sig	A	*Chi Square* Table	*Chi-Square Count*	Results

1	H_1 = Audit tenure and auditor rotation affect audit quality.	0,001	0,05	5,991	13,634	Accepted
2	H_2 = Audit tenure affects audit quality	0,050	0,05	-	-	Accepted
3	H_3 = Auditor rotation affects audit quality	0,039	0,05	-	-	Accepted

Source: Processed from research results SPSS 20

Coefficient Determination

The coefficient of determination measures how much variability in the independent variables explains variability in the dependent variable. The Nagelkerke R^2 gives the coefficient of determination in logistic regression. The assessment of Nagelkerke's R Square can be seen from the Summary model in Table 4.6 below:

Table 3.9
Negelkerke's R Square Test Results

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	27,822[a]	,365	,488

Source: Secondary data processed in SPSS 20
a. Estimation terminated at iteration number 6 because parameter estimates changed by less than 001.

It can be seen from the SPSS output that the Cox & Snell R Square value is 0.365 and the Nagelkerke's R Square value is 0.488. The R-squared value in this model is 0.488, which means that the variability of the dependent variable that can be explained by the variability of the independent variable is 48.8%. Meanwhile, the remaining 51.2% is influenced by other factors outside the research model. This is because there are still factors that influence audit quality that are not included in the research model, such as in the research of G Tresna Murti (2017), which found that auditor independence affects audit quality, and is also in line with research conducted by HF Fatalah (2018), which found that the competence of an auditor affects audit quality. However, Nagelkerke's R Square value of 0.488 indicates that the relationship between the independent variable and the dependent variable is strong (Sujianto, 2009, in Panjaitan, 2014)

DISCUSION

Audit Tenure and Auditor Rotation Affect Audit Quality

The data results are processed with a hypothesis test using the Omnibus Test of Model Coefficient test. The results of the first hypothesis test indicate that the audit tenure variable and auditor rotation have a simultaneous effect on audit quality so that Ho is rejected and Ha is accepted. The results of the study show a Chi-square value of 13.634 and a significance value of 0.001 or less than 0.05, meaning that the first hypothesis proposed in this study is accepted, which states that there

is a simultaneous influence between the independent variables on audit quality in telecommunications sub-sector service companies on the Indonesia Stock Exchange in 2013-2018.

The results of this study are in line with the research conducted by (Susbiyani et al., 2024) This study states that audit tenure, auditor rotation, and the reputation of the Public Accounting Firm simultaneously affect audit quality. When a Public Accounting Firm has the right audit tenure, performs auditor rotation in accordance with Regulation of the Minister of Finance No. 17/PMK.01/2008, and is audited by a KAP with a good reputation, it will produce good audit quality.

In relation to improving audit quality, audit tenure is a suitable variable, as audit quality is influenced by auditor experience. The right audit tenure will provide the auditor with experience and help improve audit quality. Likewise, if accompanied by auditor rotation. The proper rotation of auditors will ensure auditor independence, which is essential for good audit quality. Auditor rotation prevents a more comfortable relationship between the auditor and the client. However, there are still other variables that can improve audit quality besides audit tenure and auditor rotation. This is reflected in the coefficient of determination of 0.448, indicating that 0.512 of the variance in audit quality is explained by the model.

Audit Tenure Affects Audit Quality

Hypothesis testing using SPSS, where the results of the second hypothesis test show that audit validity (X_1) has a significant influence on audit quality (Y). The test results show a significance level of 0.050, which is equal to 0.05. According to McCall (1970), the significance level is 0.050, meaning that the second hypothesis is accepted.

The results of this study support (Sutrisno & Mohamad, 2019) This states that the longer the KAP is in office, the knowledge and experience it will have to design effective audit procedures. The results of this study also support (Tampubolon & Siagian, 2020) and (Widhiastuti & Harto, 2022) Stated that audit tenure has a significant influence on audit quality. This finding is not in line with the research results of (Widiastutik et al., 2024), (Widijaya & Peny, 2020) and Pertiwi et al (2016). who found that audit tenure has no significant effect on audit quality. This study also disagrees with the findings of (Widhiastuti & Harto, 2022)(Anggini et al., 2021) Who said that long audit tenure always results in better audit quality?

(Setyaningrum, 2022)Based on observation data on telecommunications sub-sector service companies listed on the Indonesia Stock Exchange from 2013-2018, as many as 3 companies had a contract period between the Public Accounting Firm and the client of 6 years. These results prove that most of the sampled companies had long audit tenures and achieved good audit quality. (Biduri et al., 2023), A long audit contract period will significantly improve audit quality, as measured by

the level of current accruals. According to him, the longer they work, the Public Accounting Firm (KAP) will gain the knowledge and experience to design appropriate and sound audit procedures.

Auditor Rotation Affects Audit Quality

The third hypothesis posits that auditor rotation influences audit quality. The test results on the auditor rotation variable show a significant relationship. Based on the test results, the auditor rotation variable has a significance level of 0.039, which is much smaller than 0.05 (0.039 < 0.05). These results indicate that auditor rotation has a significant effect on audit quality, so hypothesis three is accepted.

CONCLUSION

This study concludes that audit tenure and auditor rotation both have significant effects on audit quality in telecommunications subsector service companies listed on the Indonesia Stock Exchange during the 2013–2018 period. Longer audit tenure tends to improve audit quality by increasing auditor familiarity with the client's business processes and enabling better audit planning. Meanwhile, auditor rotation strengthens auditor independence and objectivity, thereby enhancing audit quality.

The findings of this research have several practical implications. First, they highlight the importance of balancing audit tenure and rotation in audit policy-making. Regulators and standard-setters are encouraged to consider these factors when formulating rules that support auditor independence while still allowing sufficient time for auditors to understand the client's business. Second, public accounting firms should develop structured audit engagement policies that optimize tenure and rotation to achieve high-quality audits. For companies, compliance with auditor rotation regulations must be treated not only as a formality but as a mechanism to ensure credible financial reporting. From a theoretical standpoint, this research reinforces the relevance of agency theory, where the auditor acts as a monitoring mechanism between principals and agents. It demonstrates how structural factors like tenure and rotation influence the effectiveness of that role.

Future researchers are encouraged to expand the model by including other variables that may influence audit quality, such as auditor industry specialization, audit fees, workload pressure, or the complexity of client operations. Additionally, similar studies could be conducted in other sectors beyond telecommunications, or across different time periods, to assess the consistency of the relationships. The development of qualitative research methods, such as interviews with auditors or audit committee members, could also enrich the understanding of how tenure and rotation affect professional judgment and audit practices in authentic contexts.

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