

The Effect of Audit Rotation, Audit Delay, and Firm Size on Audit Quality

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Abstract

This study aims to examine the effect of audit rotation, audit delay, and firm size on audit quality in food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The population consisted of food and beverage subsector companies listed on the IDX during this period. The sampling technique employed was purposive sampling, resulting in a sample of 27 companies with a total of 108 firm-year observations. The research data were analyzed using IBM SPSS Statistics 32 through descriptive statistical analysis, binary logistic regression analysis, and hypothesis testing. The results indicate that, partially, audit rotation has a negative and significant effect on audit quality, audit delay does not have a significant effect on audit quality, and firm size has a negative and significant effect on audit quality. Simultaneously, audit rotation, audit delay, and firm size have a significant effect on audit quality, with a Nagelkerke R Square value of 0.527, indicating that the three independent variables jointly explain 52.7% of the variation in audit quality.

Introduction

The rapid growth of Indonesia's capital market has driven an increase in the number of companies listed on the Indonesia Stock Exchange (IDX), including those in the food and beverage subsector. As public entities, companies listed on the IDX are required to present financial statements that are transparent, relevant, and reliable as a basis for decision-making by investors and other stakeholders. Such financial statements carry high informational value only when they undergo a quality audit process conducted by an independent auditor (Kameyer & Damayanti, 2023).

The food and beverage subsector is a manufacturing subsector that contributes significantly to the national economy and remains relatively stable, as its products constitute basic community needs. The high level of operational activity in this subsector, including transaction volume, inventory turnover, and cash flow, increases the complexity of financial reporting and the risk of material misstatement. Companies in this subsector therefore require a quality audit process to ensure that their financial statements fairly and reliably reflect their actual condition (Febria Amanda et al., 2025).

Audit quality reflects an auditor's ability to detect and report material misstatements in financial statements in accordance with applicable auditing standards. High audit quality strengthens the credibility of financial statements and reinforces investor confidence in a company, whereas low audit quality has the potential to lead to poor economic decision-making. Audit quality is therefore considered one of the main pillars in maintaining the integrity of the capital market (Mawarini & Triani, 2025).

One factor believed to affect audit quality is audit rotation. Auditor rotation policies are implemented to maintain auditor independence and objectivity by limiting long-term relationships between auditors and clients. Auditors who serve a single client for too long risk losing their professional skepticism, which may reduce audit quality; however, changing auditors also entails a learning cost, as new auditors require time to understand a client's business characteristics, which may in turn affect audit quality during the early stage of the engagement (Wulandari, 2025).

In addition to audit rotation, audit delay is another important indicator in assessing audit quality. Audit delay refers to the length of time required from the end of the reporting period until the auditor's report is issued; the longer the audit delay, the more the relevance of financial information for its users diminishes. A lengthy audit delay may reflect audit complexity, problems within the financial statements, or weaknesses in a company's internal control system (Mesir, 2024). Firm size is a further factor believed to influence audit quality, as it reflects the scale of operations and business complexity; larger companies generally have better internal control systems, higher levels of public scrutiny, and a greater tendency to engage more reputable public accounting firms, encouraging auditors to work more professionally and carefully, which may result in higher audit quality compared to smaller companies (Natasya & Suryanawa, 2024).

Although various studies have examined the effect of audit rotation, audit delay, and firm size on audit quality, existing findings remain inconsistent. Kameyer and Damayanti (2023) found that audit delay and firm size affect audit quality, while Maria et al. (2024) found that audit rotation also plays a role in influencing audit quality. On the other hand, Natasya and Suryanawa (2024) found that audit rotation does not always have a significant effect on audit quality. These differing findings indicate that the topic still requires further investigation. In addition, Wulandari (2025) focused more on the relationship between audit rotation and audit tenure with audit delay, so the direct relationship between audit rotation, audit delay, and firm size on audit quality has not been fully explained comprehensively, particularly in the food and beverage subsector, reinforcing the need for research that simultaneously examines all three variables in relation to audit quality over a more recent period.

Based on the description above, this study is important to conduct in order to analyze the effect of audit rotation, audit delay, and firm size on audit quality in food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2021–2024 period. This study is expected to provide updated empirical evidence and contribute to the development of the audit literature, while also serving as a consideration for auditors, company management, and investors in improving the quality of financial reporting and capital market transparency in Indonesia.

Literature Review and Hypotheses Development

The Effect of Audit Rotation on Audit Quality

Audit rotation refers to the periodic change of auditor or public accounting firm (KAP) conducted to maintain auditor independence and enhance the objectivity of the audit process, consistent with DeAngelo's (1981) classic theory of audit quality, which holds that both auditor competence and independence jointly determine an auditor's ability to detect and report violations in a client's accounting system. Through audit rotation, an excessively long relationship between auditor and client is expected to be avoided, so that the auditor remains independent in issuing an opinion on the financial statements; however, changing auditors can also require the new auditor to spend time understanding the company's characteristics, internal control system, and business risk, so that audit quality during the early stage of the engagement may be affected. Mawarini and Triani (2025) found that audit rotation has a negative effect on audit quality, explaining that a newly assigned auditor needs time to adjust and understand the company's condition, so the audit process has not yet run optimally in the early engagement period, whereas Maria et al. (2024) found that audit rotation does not have a significant effect on audit quality, indicating that a change of auditor does not necessarily affect the resulting audit quality, since the auditor continues to carry out the audit in accordance with applicable professional standards. Based on the relationship between audit rotation and audit quality found in prior research, the following hypothesis is proposed:

H1: Audit rotation partially affects audit quality.

The Effect of Audit Delay on Audit Quality

Audit delay refers to the length of time required by an auditor to complete the audit of financial statements, counted from the company's fiscal year-end to the date the independent auditor's report is issued. The length of the audit process may be influenced by company complexity, transaction volume, and the completeness of audit evidence obtained by the auditor;

nevertheless, a longer or shorter audit delay does not necessarily determine audit quality, since the auditor remains obligated to carry out audit procedures in accordance with the Professional Standards for Public Accountants. Kameyer and Damayanti (2023) found that audit delay has a negative effect on audit quality, explaining that the longer the audit completion process, the more audit quality tends to decline, whereas Maria et al. (2024) found that audit delay does not have a significant effect on audit quality, indicating that the length of audit completion does not always affect audit quality as long as the auditor continues to follow applicable audit procedures. Based on the relationship between audit delay and audit quality found in prior research, the following hypothesis is proposed:

H2: Audit delay partially affects audit quality.

The Effect of Firm Size on Audit Quality

Firm size describes the scale of a company, generally measured based on its total assets. Larger companies tend to have more complex operational activities, a greater number of transactions, and higher risk, requiring auditors to apply broader audit procedures to obtain sufficient audit evidence; firm size is therefore believed to affect the resulting audit quality. Ardhityanto (2021) found that firm size has a negative effect on audit quality, explaining that the larger a company, the more complex its activities, so the auditor faces a higher level of difficulty in carrying out the audit process, whereas Kameyer and Damayanti (2023) found that firm size has a positive effect on audit quality, indicating that larger companies generally have better internal control systems that support higher audit quality. Based on the relationship between firm size and audit quality found in prior research, the following hypothesis is proposed:

H3: Firm size partially affects audit quality.

The Simultaneous Effect of Audit Rotation, Audit Delay, and Firm Size on Audit Quality

Audit rotation, audit delay, and firm size are factors believed to jointly affect audit quality. Audit rotation relates to auditor independence in examining financial statements, audit delay relates to the timeliness of audit completion, while firm size reflects the level of operational complexity that may affect the conduct of the audit; the three variables are therefore believed to jointly influence audit quality. Kameyer and Damayanti (2023) found that the variables examined in their study simultaneously affect audit quality, a finding supported by Putri and Pohan (2022), who likewise found that the independent variables tested jointly have a significant effect on audit quality. Based on these prior findings, it can be concluded that audit quality is not influenced by a single variable alone but by a combination of variables tested simultaneously. Based on the relationship between audit rotation, audit delay, firm size, and audit quality found in prior research, the following hypothesis is proposed:

H4: Audit rotation, audit delay, and firm size simultaneously affect audit quality.

Research Methods

This study uses food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period as its object. Data were obtained through the IDX's official website, www.idx.co.id, in the form of audited annual financial statements and information on each company's auditor over the research period. This research is descriptive in nature with a quantitative approach, used to process numerical data derived from the audited financial statements of food and beverage subsector companies in order to provide an empirical description of audit rotation, audit delay, firm size, and audit quality among the sampled companies.

The population in this study consists of all food and beverage subsector companies listed on the IDX during the 2021–2024 period, totaling 96 companies. The sample was determined using a purposive sampling technique, with the following criteria: companies with complete data for all variables of audit rotation, audit delay, firm size, and audit quality; companies that consistently published audited annual financial statements throughout 2021–2024; and companies that did not use foreign currency in their financial statements. Based on these criteria, 27 companies were

obtained as the research sample, with an observation period of 4 years, resulting in a total of 108 firm-year observations (27 companies $\times$ 4 years).

The type of data used in this study is quantitative data in the form of figures derived from the audited annual financial statements of food and beverage subsector companies listed on the IDX during 2021–2024. The data source is secondary data, obtained indirectly through documents or other intermediaries (Sugiyono, 2022), collected via documentation technique from the IDX's official website. The independent variables in this study are Audit Rotation (X1), measured using a dummy variable (1 if an auditor or public accounting firm change occurred in the observation year, 0 if not) (Agustini & Siregar, 2020); Audit Delay (X2), measured as the interval between the fiscal year-end date and the date the audit report is issued (Wulandari & Wiratmaja, 2017); and Firm Size (X3), measured using the natural logarithm of total assets. The dependent variable is Audit Quality (Y), measured using a dummy variable adapted from Nugroho (2018), coded 1 if the company's financial statements received an unqualified opinion and 0 otherwise, following the conceptual understanding of audit quality as an auditor's ability to identify and report irregularities within a client's accounting system in accordance with relevant auditing standards (Hantono, 2021).

Because the dependent variable in this study is measured using a dummy variable, data were analyzed using binary logistic regression with the assistance of IBM SPSS Statistics 32, which does not require the data to meet classical assumptions such as normality (Ghozali, 2021). Logistic regression analysis in this study comprises four main tests: the overall model fit test, assessed by comparing the initial -2 Log Likelihood value (Block 0) with the value after the independent variables are entered (Block 1); the Hosmer and Lemeshow's Goodness of Fit test, used to assess whether the model adequately fits the empirical data, with a significance value greater than 0.05 indicating that the model is fit; the classification table, used to assess the model's predictive accuracy; and hypothesis testing through the Wald test (partial test) and the Omnibus Test of Model Coefficients (simultaneous test), together with the Nagelkerke R Square value to determine the model's explanatory power, all evaluated at a 5% significance level (Ghozali, 2021).

Results And Discussion

This study was conducted on food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2021–2024 period. Based on the predetermined sample criteria, 27 companies were obtained as the research sample; given the four-year observation period (2021–2024), the total number of observations used in this study was 108 (27 companies $\times$ 4 years).

Table 1. Overall Model Fit Test Results

Model	-2 Log Likelihood
Block 0 (Constant only)	46.345
Block 1 (Audit Rotation, Audit Delay, Firm Size)	24.384

Source: SPSS Data Processing Results, 2026

The -2 Log Likelihood value decreased from 46.345 in Block 0 (constant only) to 24.384 after the independent variables of Audit Rotation, Audit Delay, and Firm Size were entered in Block 1. This decrease indicates that the addition of the three independent variables improves the model fit, so the logistic regression model used in this study is considered better than the model containing only the constant.

Table 2. Classification Table

Observed	Predicted: 0	Predicted: 1	Percentage Correct
Audit Quality = 0	4	2	66.7%
Audit Quality = 1	1	101	99.0%
Overall Percentage			97.2%

Source: SPSS Data Processing Results, 2026. Cut value = 0.500

The classification table shows that the model correctly predicted 4 out of 6 observations where Audit Quality = 0, corresponding to a classification accuracy of 66.7%, and correctly predicted 101 out of 102 observations where Audit Quality = 1, corresponding to an accuracy of

99.0%. The Overall Percentage of 97.2% indicates that the logistic regression model has a very good level of classification accuracy in predicting Audit Quality.

Table 3. Hosmer and Lemeshow's Goodness of Fit Test

Chi-square	df	Sig.
3.044	8	0.932

Source: SPSS Data Processing Results, 2026

The Hosmer and Lemeshow's Goodness of Fit test result shows a significance value of 0.932, greater than 0.05, indicating that there is no significant difference between the model and the observed data, so the logistic regression model in this study is declared fit and acceptable for further analysis.

Table 4. Wald Test (Partial Test) Results

Variable	B	Wald	df	Sig.	Exp(B)
Audit Rotation (X1)	-3.657	6.321	1	0.012	0.026
Audit Delay (X2)	0.005	0.051	1	0.822	1.005
Firm Size (X3)	-1.086	5.110	1	0.024	0.338
Constant	34.138	5.963	1	0.015	—

Source: SPSS Data Processing Results, 2026. Dependent Variable: Audit Quality

Table 5. Omnibus Test of Model Coefficients and Nagelkerke R Square

Chi-square (df = 3)	Sig.	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
21.961	< 0.001	24.384	0.184	0.527

Source: SPSS Data Processing Results, 2026

The Wald test results in Table 4 show that Audit Rotation obtained a significance value of 0.012 (< 0.05) with a regression coefficient (B) of -3.657 , so H1 is accepted: Audit Rotation has a significant effect on Audit Quality in a negative direction. Audit Delay obtained a significance value of 0.822 (> 0.05) with a regression coefficient of 0.005, so H2 is rejected: Audit Delay does not have a significant effect on Audit Quality, although its coefficient direction is positive, this relationship is not statistically significant. Firm Size obtained a significance value of 0.024 (< 0.05) with a regression coefficient of -1.086 , so H3 is accepted: Firm Size has a significant effect on Audit Quality in a negative direction. The Omnibus Test of Model Coefficients in Table 5 shows a Chi-square value of 21.961 with a significance value of < 0.001 (< 0.05), so H4 is accepted: Audit Rotation, Audit Delay, and Firm Size simultaneously have a significant effect on Audit Quality. The Nagelkerke R Square value of 0.527 indicates that the three independent variables jointly explain 52.7% of the variation in Audit Quality, while the remaining 47.3% is explained by other factors outside the research model.

The Effect of Audit Rotation on Audit Quality

The Wald test result shows that Audit Rotation has a significance value of 0.012 (< 0.05), so H1 is accepted: Audit Rotation has a significant effect on Audit Quality. The negative regression coefficient of -3.657 indicates that a change of auditor does not always improve audit quality. A newly assigned auditor requires time to understand a company's characteristics, internal control system, and business risk; this condition means the auditor has not yet acquired an adequate understanding of the company, so audit execution during the early stage of the engagement has not run optimally, thereby reducing the likelihood that the company obtains high audit quality when an auditor rotation occurs. This finding is consistent with Mawarini and Triani (2025), who found that Audit Rotation has a negative effect on Audit Quality, explaining that a new auditor needs time to adjust and understand a company's condition so that audit effectiveness in the early engagement period is not yet optimal, though it differs from Maria et al. (2024), who found that Audit Rotation does not have a significant effect on Audit Quality; this discrepancy may be attributable to differences in research period, sample characteristics, and the condition of the companies studied.

The Effect of Audit Delay on Audit Quality

The Wald test result shows that Audit Delay has a significance value of 0.822 (> 0.05), so H2 is rejected: Audit Delay does not have a significant effect on Audit Quality. The positive regression coefficient of 0.005 is not statistically significant, indicating that the length of audit completion time is not a primary determinant of audit quality. Auditors continue to carry out audit procedures in accordance with the Professional Standards for Public Accountants (SPAP), so audit quality is more likely influenced by auditor competence, independence, and professionalism, as well as the sufficiency of audit evidence, rather than by the length of time taken to complete the audit. This finding is consistent with Maria et al. (2024), who found that Audit Delay does not have a significant effect on Audit Quality, though it differs from Kameyer and Damayanti (2023), who found that Audit Delay has a negative effect on Audit Quality; this discrepancy may be attributable to differences in sample characteristics, research period, and the condition of the companies studied.

The Effect of Firm Size on Audit Quality

The Wald test result shows that Firm Size has a significance value of 0.024 (< 0.05), so H3 is accepted: Firm Size has a significant effect on Audit Quality. The negative regression coefficient of -1.086 indicates that the larger a company, the more complex its operational activities, transaction volume, and business risk that must be audited; this complexity requires auditors to apply broader audit procedures and more time to obtain sufficient audit evidence, increasing the level of difficulty auditors face in carrying out the audit process and tending to reduce audit quality. This finding is consistent with Ardhityanto (2021), who found that Firm Size has a negative effect on Audit Quality, explaining that larger companies have more complex activities that increase the level of difficulty auditors face, though it differs from Kameyer and Damayanti (2023), who found that Firm Size has a positive effect on Audit Quality; this discrepancy may be attributable to differences in sample characteristics, research period, and the condition of the companies studied.

The Simultaneous Effect of Audit Rotation, Audit Delay, and Firm Size on Audit Quality

The Omnibus Test of Model Coefficients result shows a significance value of < 0.001 (< 0.05), so H4 is accepted: Audit Rotation, Audit Delay, and Firm Size simultaneously have a significant effect on Audit Quality in food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2021–2024 period. This finding indicates that Audit Quality is not influenced by a single factor alone but by a combination of interrelated factors: Audit Rotation relates to a change of auditor that may affect the auditor's understanding of a company's characteristics and condition, Audit Delay relates to the length of the audit completion process, while Firm Size reflects the level of operational complexity that may affect audit execution. The Nagelkerke R Square value of 0.527 further supports this finding, indicating that Audit Rotation, Audit Delay, and Firm Size jointly explain 52.7% of the variation in Audit Quality, while the remaining 47.3% is explained by other factors outside the research model, such as audit fee, audit committee characteristics, profitability, leverage, or corporate governance mechanisms. This result is consistent with Kameyer and Damayanti (2023) and Putri and Pohan (2022), both of whom found that the variables examined in their respective studies jointly have a significant effect on audit quality.

Implication and Conclusion

Based on the results of the analysis and discussion, it can be concluded that Audit Rotation has a significant negative effect on Audit Quality (H1 accepted); Audit Delay does not have a significant effect on Audit Quality (H2 rejected); Firm Size has a significant negative effect on Audit Quality (H3 accepted); and Audit Rotation, Audit Delay, and Firm Size simultaneously have a significant effect on Audit Quality (H4 accepted), jointly explaining 52.7% of its variation.

These findings imply that companies are encouraged to pay closer attention to auditor rotation policies in accordance with applicable regulations while supporting an effective audit process so that the resulting audit quality is maintained. Auditors and public accounting firms are

encouraged to strengthen their competence, professionalism, and understanding of client company characteristics so that audit quality remains high even when an auditor rotation occurs. Future researchers are recommended to expand this study by including other business sectors, extending the observation period, and incorporating other variables believed to affect audit quality, such as public accounting firm reputation, audit fee, audit committee characteristics, profitability, leverage, or corporate governance mechanisms, in order to obtain more comprehensive findings.

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