

THE EFFECT OF FINANCIAL DISTRESS, AUDIT OPINION, MANAGEMENT TURNOVER, AND PROFITABILITY ON AUDITOR SWITCHING

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Abstract: This research aimed to provide empirical evidence regarding the effect of financial distress, audit opinion, management turnover, and profitability on auditor switching in the manufacturing sector companies listed on the Indonesian Stock Exchange (IDX). The research uses logistic regression analysis considering that the dependent variable is dichotomous. The data used in this study is secondary data obtained from the official website of the Indonesia Stock Exchange. Data on this study were collected using purposive sampling from 39 manufacturing companies with the observation period from 2018 to 2021. The result of the study shows that financial distress and audit opinion affect auditor switching, while management turnover and profitability do not affect auditor switching.

Keywords: Auditor Switching, Financial Distress, Audit Opinion, Management Turnover, Profitability.

INTRODUCTION

Auditor switching refers to the change of public accounting firm or public accountant, carried out by the company (Pawitri & Yadnyana, 2015). Auditor independence is an essential element in auditing the company's financial statements. There are some concerns that a long and close relationship between the auditor and the client will negatively affect auditor independence in providing audit opinion (Augustyvena & Wilopo, 2017). The implementation of auditor switching can solve the problem of auditor independence due to the length of the relationship between the auditor and the client. Auditor switching is considered as a good way to maintain the independence of the auditor and the reliability of a company's financial statements.

Auditor switching in Indonesia is not only mandatory but also occurs voluntarily. Voluntary auditor switching is a change in the public accounting firm initiated by either the client company or the accounting firm itself due to certain factors (Zarefar et al., 2019). Indonesia is among the countries that require periodic auditor switching. Initially, the regulation was outlined in the Decree of the Minister of Finance of the Republic of Indonesia Number 423/KMK.06/2002 regarding Public Accountant Services, Article 6, Paragraph (4). According to this regulation, a public accounting firm could provide general audit services for a maximum of five consecutive financial years, and a Public Accountant could do so for a maximum of three consecutive financial years. However, the regulation changed with the issuance of Minister of Finance Regulation No. 17/PMK.01/2008 on Public Accountant Services. Article 3, Paragraph (1) of this regulation stated that a Public Accounting Firm could audit a company for a maximum of six consecutive financial years, while Public Accountants could do so for a maximum of three consecutive financial years (Maidani & Afriani, 2019).

Furthermore, in 2015, the government issued a new regulation, namely Government Regulation No. 20/2015, which focused on the practice of Public Accountants. According to Article 11, Paragraph (1), the Public Accounting Firm is no longer limited to conducting audits for companies. However, this limitation still applies to Public Accountants, who are restricted to five consecutive financial years. Public accountants can return to providing audit services on clients' financial information after two consecutive financial years of not providing audit services. The purpose of imposing limits on the duration of an audit engagement is to maintain auditor independence and prevent excessive relationships with clients due to prolonged engagement periods (Rini, 2021). Auditor switching requires additional costs, leading to an increase in audit fees. Thus, companies that voluntarily switch auditors may be in abnormal conditions (Sriwardany & Dewi, 2021).

Jensen & Meckling (1976) defines an agency relationship as a contract where the principal appoints the agents to carry out certain task on their behalf and transfer decision-making authority to the agents. Excessive relationship between the principal and agent can lead to agency problems namely conflict of interest, where the agent will try to maximize his interests by ignoring the principal's interests. According to Eisenhardt (1989), agency issues occur because the principal and the agent have different interests and the principal is unable to determine whether the agent has behaved appropriately or not. In addition, agents have more information about the company's condition so the distribution is uneven and information asymmetry occurs (Pratiwi et al., 2015). The principal must obtain real information to measure the agent's performance. However, this condition of information asymmetry allows agents to manipulate reporting to maximize profits. Based on agency theory, agents need auditor services to gain the trust of principals for the financial accountability reports they present, and principals also need auditors to assess whether the accountability reports presented by agents can be trusted as a basis for decision-making.

In this study, the factors thought to effect auditor switching are financial distress, audit opinion, management turnover, and profitability. Financial distress refers to deterioration in the company's financial state that occurs before bankruptcy (Platt & Platt, 2002). Information about a company's financial difficulties can be an early warning of the possibility of bankruptcy so that management can take preventive action quickly before the problem occurs (Manto & Manda, 2018). The condition of the client company on the verge of bankruptcy tends to increase the evaluation of the auditor's subjectivity and prudence. (Nasser et al., 2006) explained that in situations of financial distress, companies tend to change auditors by selecting auditors who offer less audit fees but with similar audit quality. The research by Manto & Manda (2018) and Zarefar et al., (2019) show that financial distress affects auditor switching. The results of this study were also reinforced by research conducted by (Herawaty & Ovami, 2021) which found that companies that experienced financial distress will increase the client company's tendency to perform auditor switching. In contrast, research conducted by (Putri & Nursiam, 2021) and (Sambo, 2022) shows that financial distress has no effect on auditor switching. Those result explained that the financial condition of a company that is healthy or unhealthy would not affect auditor switching, and a change of auditors will incur higher costs, so auditor switching should not be done when the company is experiencing conditions financial distress.

A statement of opinion known as an audit opinion is an opinion that the auditor issues after inspecting a business and evaluating the accuracy of the management-prepared financial statements (Sriwardany & Dewi, 2021). Audit opinion is an essential source of information to be considered in decision-making by users of financial statements. There are five different types of audit opinions, as outlined by the Professional Standards for Public Accountants (SPAP) in PSA 29 SA Section 508 (2011: 508.6-508.26): (a) Unqualified Opinion; (b) Unqualified Opinion with Explanatory Language; (c) Qualified Opinion; (d) Adverse Opinion; and (e) Disclaimer of Opinion. Audit opinion can also influence views and assessments of management's performance in managing the company (Sinaga et al., 2021). Some unfavorable audit opinion can also decrease investors trust in the company. Therefore, the company wants an unqualified opinion to maintain investor and shareholder confidence. The study of Hudaib & Cooke (2005) reveals that companies who receive audit opinions other than Unqualified Opinion are more likely to change their auditors. These findings support the research conducted by Simanjuntak & Budianto (2020), Putri & Nursiam (2021), and Sinaga et al., (2021), who obtained empirical evidence demonstrating that audit opinion influences auditor switching. However, these results contradict the findings of the studies conducted by (Damayanti & Sudarma, 2007) and (Sriwardany & Dewi, 2021), which indicate that audit opinion has no effect on auditor switching.

Management turnover is a change in the board of directors caused by the decision of the general meeting of shareholders (GMS) or the directors desire to quit (Damayanti & Sudarma, 2007). Changes in the company's board of directors will likely result in company policy adjustments. Therefore, management turnover will either directly or indirectly encourage auditors switching because the new management will subsequently hunt for a Public Accounting Firm that aligns with management policies and its accounting reporting system (Rini, 2021). This matter is supported by research from (Manto & Manda, 2018) and (Pebriani et al., (2022) which proves that management turnover has affect on auditor switching. In contrast, research conducted conducted by Simanjuntak & Budianto (2020), Putri & Nursiam (2021), shows that management turnover does not affect auditor switching.

Profitability describes the company's ability to earn profits through all existing capabilities and sources such as sales activities, cash, capital, number of employees, number of branches, and so on (Ilhamsyah et al., 2020). The growth in profitability also indicates the business expansion. As businesses grow, their audit requirements become more complex, prompting companies to select more capable auditors. If the chosen auditor cannot meet the company's development needs, then they will be replaced. The replacement of auditors is expected to enhance the company's reputation and foster increased trust among stakeholders (Swandewi & Badera, 2021). This matter is supported by studies conducted by Fenadi (2019) and (Herawaty & Ovami, 2021) which demonstrate that profitability has an influence on auditor switching. These studies show that the greater the profitability, the higher possibility of the client company performing Auditor switching. Conversely, the research conducted by (Maidani & Afriani, 2019) and (Ilhamsyah et al., 2020) contradicts these findings by suggesting that profitability does not affect auditor switching.

Based on the explanation above, the factors influencing companies to practice voluntary auditor switching are still very interesting to research. Another factor supporting this research is the results of previous studies that vary and the renewal of previous

research. In this study, researchers used financial distress, audit opinion, management change, and profitability variables. These variables were chosen because they are interesting to be tested again, considering some contradictory results in previous studies.

Hypothesis

H₁: Financial distress affects the auditor switching.

In agency theory, it is explained that every individual has self-interest which can give rise to a conflict of interest between the principal and the agent. The condition of client companies experiencing financial difficulties and even being threatened with bankruptcy will tend to change auditors to reduce expenses by choosing auditors who charge smaller audit fees but with audit quality that is not much different (Nasser, Wahid, Nazri, & Hudaib, 2006).

H₂: Audit Opinion affects the auditor switching

Based on agency theory, management as the agent is assumed to have personal interests and wants to maximize its interests. Management certainly wants the perfect opinion to attract investors. An unfavorable audit opinion can reduce investor confidence in the company. Therefore, companies want an unqualified opinion to maintain the trust of investors and shareholders (Pawitri & Yadnyana, 2015).

H₃: Management turnover affects the auditor switching

Management turnover generally result in new policies to improve the quality and standards of the company during his leadership. The new management will also adjust the quality of the public accounting firm according to developments in the company's situation. Based on agency theory, this condition can occur because management as an agent has self-interest. With a change in management, management can appoint a new auditor who is more qualified, can be invited to work together and is in line with its accounting policies and reporting (Manto & Manda, 2018).

H₄: Profitability affects the auditor switching

Profitability in this research is measured using Return on Assets (ROA). An increase in the ROA ratio shows the company's good performance in generating profits. An increase in ROA can also indicate that the business has grown. Based on agency theory, management as an agent always wants to maximize its interests. Growing businesses require greater audit complexity, so companies choose more competent auditors to meet their audit needs, improve the company's image and increase stakeholder trust. (Swandewi & Badera, 2021).

METHODS

The type of research used in this study is quantitative research with secondary data. The population used in this study are manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period. Sample is part of the population (Bougie & Sekaran, 2019). The sample consists of some population members, but not all population elements will form the sample. The sampling method used in this study is purposive sampling, namely the sampling process based on predetermined criteria. The sample criteria used in this study are:

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Table 1. Sample Criteria

No.	Criteria	Sample
1.	Companies included in the manufacturing sector on the Indonesia Stock Exchange	213
2.	Manufacturing sector companies on the Indonesia Stock Exchange that were not listed consecutively during 2018-2021	(59)
3.	Manufacturing companies whose audited financial reports cannot be accessed during 2018-2021	(6)
4.	Manufacturing companies that do not use the rupiah currency in their financial reports for 2018-2021	(30)
5.	Manufacturing companies that have never did auditor switching with different public accounting firm during 2018-2021	(79)
	Number of samples companies per year	39
	Total sample during the observation period (39 x 4)	156
	Outlier data	(9)
	Final Number of Samples	147

Source: Processed from www.idx.co.id (2023)

Variables

The dependent variable in this study is voluntary auditor switching, namely the change of public accounting firms at the request of the client company. Meanwhile, the independent variables in this study include financial distress, audit opinion, management turnover, and profitability. The proxy of each variable will further explained in the table 2 below:

Table 2. Variable Scale and Measurement

Variables	Indicator Measurement	Scale
Auditor switching (X1)	Dummy variable. If the client company does auditor switching, then code 1 will be given. Meanwhile, if the client company does not require auditor switching, then code 0 will be given. (Sinaga et al., 2021).	Nominal
Financial distress	Altman Z'-Score : $Z' = 0.717T1 + 0.847T2 + 3.107T3 + 0.420T4 + 0.998T5$ Information: $Z' = Z'$ -Score point; T1 = Working Capital/Total Assets; T2 = Retained Earnings / Total Assets; T3 = Earnings Before Interest and Taxes / Total Assets; T4 = Book Value of Equity/ Book Value of Total Debt; T5 = Sales/ Total Assets The interpretation of the Z'-Score results is: $Z' > 2.90$ = Safe, the company is in a safe condition; $1.23 < Z' \leq 2.90$ = Gray Area; there is a financial condition in a section that requires special attention. $Z' < 1.21$ = Distress, the company has the potential to experience bankruptcy. (Simanjuntak & Budianto, 2020).	Ratio

Audit Opinion	Dummy variable. The client company will get code 1 if it receives an opinion other than an unqualified opinion. Conversely, if the client company receives an unqualified opinion, it will be coded 0. (Simanjuntak & Budianto, 2020).	Nominal
Management Turnover	Dummy variable. If there is a change in the main director at the client company, code 1 will be given. On the other hand, if there is no change in the main director in the client company, then code 0 will be given. (Manto & Manda, 2018).	Nominal
Profitability	Return on Assets (ROA) = (Net Profit / Total Assets) The greater the company's ROA, the better the company's performance, it indicates that the business is growing. Growing businesses need a wider audit complexity, so companies choose more competent auditors to meet their audit needs. (Ilhamsyah et al., 2020)	Ratio

Source: Processed by author (2023)

Data Analysis

According to Bougie & Sekaran (2019), logistic regression analysis is a specific form of regression analysis where the dependent variable is dichotomous. Logistic regression can be used to predict the dependent variable by several independent variables. Logistic regression analysis was used in this study because the dependent variable is auditor switching is qualitative data that is measured by a nominal scale using a dummy variable or also called a dichotomous variable (switching auditors or not auditor switching). The research data obtained will be analyzed with statistical tools with the help of the SPSS program. The logistic regression model used in this study is as follows:

$$\text{Ln} \frac{p(\text{Switch})}{1 - p(\text{Switch})} = \alpha + \beta_1 \text{FD} + \beta_2 \text{OA} + \beta_3 \text{PM} + \beta_4 \text{PF} + \varepsilon$$

Information:

$\text{Ln} \frac{p(\text{Switch})}{1 - p(\text{Switch})}$ = Probability of doing auditor switching

- α = Constant
- β = Regression Coefficient
- FD = Financial Distress
- OA = Audit Opinion
- PM = Management Turnover
- PF = Profitability
- ε = Standard Error

Descriptive Statistic Analysis

Descriptive statistics are usually used to determine the characteristics of the sample used and describe the variables in the study. Descriptive statistics provide an

overview of the characteristics of each variable, including the mean, median, minimum, maximum, and standard deviation. By conducting descriptive statistical analysis, the data tested will be described as more straightforward and more accessible to understanding the information.

Regression Model Feasibility Test (Hosmer & Lemeshow's Goodness of Fit Test)

Hosmer and Lemeshow's Goodness of Fit Test was used to evaluate the viability of the logistic regression model. This test examines the null hypothesis that the empirical data aligns with the model (Ghozali, 2018). If the statistical value obtained from the Hosmer and Lemeshow's Goodness of Fit Test is equal to or below 0.05, the null hypothesis (H_0) is rejected. This rejection signifies a substantial disparity between the model and the observed values, rendering the Goodness of Fit model unsuitable as it cannot accurately predict the observed values. Conversely, if the value of Hosmer and Lemeshow's Goodness of Fit Test exceeds 0.05, the null hypothesis (H_0) is accepted. This acceptance implies that the model can predict the observed values effectively, indicating its suitability for use as it aligns with the observed data.

Overall Model Fit Test

The overall assessment of model fitness was performed to determine if the assumed regression model aligns well with the research data. If the null hypothesis (H_0) is accepted, it indicates that the hypothesized model can be fitted to the data. The Log-Likelihood Value function is utilized to demonstrate the overall model fit test. The likelihood (L) represents the probability that the assumed model accurately describes the input data. This function represents the likelihood that the hypothesized model describes the input data. In the analysis conducted by SPSS, two output values of $-2 \text{ Log}L$ are generated: one for models with constants and additional independent variables (Block number = 1), and another for models that solely include constants (Block number = 0). The decrease in the Log Likelihood value indicates a better and more suitable regression model.

Coefficient of Determination (Nagelkerke's R Square)

Nagelkerke's R Square indicates the value of the coefficient determination. The coefficient of determination is used to determine how much the independent variables' variability can explain the dependent variable's variability, while other variables outside the research model explain the rest. The Nagelkerke R square value varies between 1 and 0. The model is considered to be more goodness of fit if the value is closer to 1 (Ghozali, 2018).

Classification Matrix

The classification matrix shows the predictive power of the regression model. According to Ghozali (2018), the classification table calculates the correct and incorrect estimated values. This test is expressed in percent and can be used to predict the probability of the occurrence of the dependent variable. In this study, the classification matrix will show the predictive power of the regression model to predict the probability of the company doing auditor switching in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Hypothesis Test

Hypothesis testing is carried out to prove the relationship between variables and test the hypotheses formulated (Bougie & Sekaran, 2019). Hypothesis testing begins with establishing the null hypothesis (H_0) and the alternative hypothesis (H_a), which is then tested using the t-test. In this study, the t-test will be used in testing the existing hypotheses because researchers use partial hypotheses in this study. The t-test significantly tests the relationship between each independent variable and the dependent variable. The t-test compared each significance value (sig.) with alpha (α). The significance level used to perform the t test is 0.05 ($\alpha = 5\%$).

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor switching	147	0	1	0,39	0,490
Financial distress	147	-5,028	7,441	1,402	1,928
Audit Opinion	147	0	1	0,64	0,482
Change of Management	147	0	1	0,18	0,383
Profitability	147	-0,254	0,283	0,015	0,081

Source: Results of SPSS Data Processing (2023)

Referring to Table 3 above, the auditor switching variable ranges from a minimum of 0 to a maximum of 1. The mean value of 0.39 indicates that 39% of the 147 samples involved auditor switching, while the remaining 61% did not. The standard deviation of 0.490 is greater than the mean, indicating that the data for the auditor switching variable is diverse or heterogeneous.

For the Financial Distress variable, the minimum value of -5,723 corresponds to PT Panasia Indo Resources Tbk, whereas the maximum value of 7,441 is associated with PT Alakasa Industrindo Tbk. The mean value for this variable is 1.402, with a standard deviation of 1.928, indicating a significant variation or heterogeneity in the financial distress data.

Regarding the Audit Opinion variable, which serves as the second independent variable in the study, it ranges from a minimum of 0 to a maximum of 1. The mean value of 0.64 suggests that 64% of the sample received an opinion other than unqualified, while 36% received an unqualified opinion. The standard deviation of 0.482 is smaller than the mean, indicating a normal distribution of data for the audit opinion variable.

The Management Turnover variable has a minimum value of 0 and a maximum of 1. With a mean value of 0.18, it indicates that 18% of the total 147 samples underwent a management change, while 82% did not. The standard deviation of 0.383 is greater than the mean, suggesting heterogeneity within the variable.

Regarding the fourth independent variable, Profitability, it ranges from a minimum value of -0.254 from PT Jakarta Kyoei Steel Works Tbk to a maximum value of 0.283 from PT Bentoel Internasional Investama Tbk. The mean value for this variable is 0.015,

with a standard deviation of 0.081. The mean value being smaller than the standard deviation suggests a wide distribution of data for profitability.

Regression Model Feasibility Test (Hosmer & Lemeshow's Goodness of Fit Test)

Table 4. Regression Model Feasibility Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	6,350	8	0,608

Source: Results of SPSS Data Processing (2023)

Table 4 shows that the Chi-square value is 6.350 with a significance value of 0.608 which is greater than 0.05. These results indicate that the regression model can be used for further analysis because it is considered capable of predicting the value of its observations in research.

Overall Model Fit Test

Table 5. Overall Model Fit Test

	-2LogL	Mark
1	Initial (Block Number = 0)	197,199
2	End (Block Number = 1)	170,133
	Decrease -2 Log Likelihood	27,066

Source: Results of SPSS Data Processing (2023)

Table 5 shows the initial -2Log Likelihood value of 197.199. After including the four independent variables, the final -2Log Likelihood value decreased to 170.133. The decrease that occurred was 27.066. A decrease indicates that the regression model is good or the hypothesized model is fit the data.

Determination Coefficient Test (Nagelkerke's R Square)

Table 6. Determination Coefficient Test

Model Summary		
-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
170,133	0,168	0,228

Source: Results of SPSS Data Processing (2023)

Table 6 above displays that the -2Log Likelihood value is 170.133, with a Nagelkerke R Square determination coefficient of 0.228 and a Cox & Snell R Square value of 0.168. This shows that the four independent variables in this study are able to explain the variation in the dependent variable by 22%, while other factors outside the research model explain the other 78%.

Classification Matrix

Table 7. Classification Matrix

	Observed	Predicted		Percentage Correct
		0 (NAS)	1 (AS)	
Step 1	Auditor switching (AS)	0 (NAS) 1 (AS)	59 20	30 38
	Overall Percentage			66,3 65,5 66,0

Source: Results of SPSS Data Processing (2023)

It can be seen in Table 7 that the predictive ability of the logistic regression model to predict the possibility of companies doing auditor switching is 66%. Based on the results of observations of 147 research samples, 89 samples did not change auditors. However, after being predicted by logistic regression analysis, 30 observations were predicted to do Auditor switching. Therefore, this prediction's correctness percentage is 66.3% of the 89 observations that did not make it Auditor switching. Furthermore, of the 58 research samples that did Auditor switching, 20 research samples changed to not doing Auditor switching. The correctness of the predictions in this study was 65.5% of the 58 observations that were made in Auditor switching.

Partial Hypothesis Test (T-Test)

Tabel 8. Hypotesis Result

	B	S.E.	Wald	df	Sig	Exp(B)
Financial distress	0,252	0,127	3,939	1	0,047	1,287
Audit Opinion	2,052	0,459	20,010	1	0,000	7,784
Change of Management	-0,219	0,481	0,207	1	0,649	0,804
Profitability	-5,009	2,969	2,845	1	0,092	0,007
Constant	-2,105	0,462	20,732	1	0,000	0,122

Source: Results of SPSS Data Processing (2023)

From the Table 8 above, the regression equation that can be used in this study is:

$$\ln \frac{p(\text{Switch})}{1 - p(\text{Switch})} = -2,105 + 0,252FD + 2,052OA - 0,219PM - 5,009PF + \varepsilon$$

The Effect of Financial Distress on Auditor Switching

The first hypothesis, regarding Financial distress affects the auditor switching is accepted. The research results prove that financial distress becomes a motivating factor for the company to change auditor, because companies threatened with bankruptcy tend to increase the evaluation of auditor subjectivity and prudence. The results of this study support Nasser's theory (2006) which reveals that companies experiencing financial difficulties tend to switch auditors by selecting auditors who charge a smaller audit fee but with similar audit quality. The results are also in line with the research of Zarefar et

al., (2019) and (Herawaty & Ovami, 2021) which shows that financial distress influences auditor switching. However, these results contradict the research by (Simanjuntak & Budianto, 2020) and (Sinaga et al., 2021) which found that financial distress has no effect on auditor switching.

The Effect of Audit Opinion on Auditor Switching

The second hypothesis, regarding Audit opinion affects the auditor switching is accepted. The results of this study succeeded in proving audit opinion as one of the factors driving entities to perform audit switching. The audit opinion is used as material for consideration by investors in making decisions and assessing management's performance in managing the company. Therefore, management tends to do auditor switching when they need to get the opinion they want. The results of this study support research from (Putri & Nursiam, 2021) and (Sinaga et al., 2021) which prove that audit opinion has an effect on auditor switching. On the contrary, these results contradict the research of (Sriwardany & Dewi, 2021) and (Rini, 2021), which state that audit opinion has no effect on auditor switching.

The Effect of Management Turnover on Auditor Switching

The third hypothesis, regarding the management affects the auditor switching is rejected. The study results prove that management turnover does not encourage companies to do auditor switching. Only some new management will make many new policies and replace the old auditor because the new management needs to understand the company's condition as a whole. The results of this study align with research conducted by (Simanjuntak & Budianto, 2020) and (Putri & Nursiam, 2021), which results in no effect between management turnover on auditor switching. In contrast, the study conducted by (Manto & Manda, 2018) and (Pebriani et al., 2022) show that management turnover has a significant effect on auditor switching.

The Effect of Profitability on Auditor switching

The fourth hypothesis, regarding profitability affects the auditor switching is rejected. The outcome of this study proves that profitability is not a factor that encourages companies to perform auditor switching. Companies with increased or decreased ROA tend to retain their auditors. This can happen because there has been good cooperation and trust between the company and the public accounting firm. This shows that companies will tend to keep auditors the same, whether the level of profitability is high or low. These results align with research conducted by Ilhamsyah et al., (2020) and Maidani & Afriani (2019), which results that profitability does not affect auditor switching. However, the results of this study are in contrast to research conducted by Fenadi (2019) and Herawaty & Ovami (2021) which show that profitability has an influence on auditor switching.

CONCLUSION

This study aims to prove empirically related to the influence of financial distress, audit opinion, management turnover, and profitability on voluntary auditor switching in manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021. Based on the research results, it can be concluded that the financial distress and

audit opinion affect auditor switching. Companies that experience financial distress tend to do auditor switching because they threatened with bankruptcy and need to increase the evaluation of auditor's subjectivity and prudence. Management tends to do auditor switching because they have to get the opinion they expected because audit opinion is used as material for consideration by investors in making decisions and assessing management's performance in managing the company. In contrast, management turnover and profitability variables do not affect auditor switching.

This study is limited to only four independent variables, even though other variables may influence auditor switching, such as audit fees, client growth, and audit delay. The population and time of research are also limited to four-year manufacturing companies, so the results obtained only describe the company's condition during that period. Based on the limitations found during this study, the suggestions that can be given to get better results are adding other variables that might affect auditor switching, such as audit fees, client growth, audit delay, and others. Further research can also expand the population and research time by adding other company sectors and extending the research year of observation.

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