Determinaton of Factors Causing Auditor Switching: Evidence from Listed Manufacturing Companies in Indonesia

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ABSTRACT: This study aims to determine whether audit opinion, public accounting firm reputation, audit delay, and financial distress as moderating variables have an influence on auditor switching. The data used are companies in the manufacturing sector listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The data obtained are in the form of financial statements, the sample selection process is carried out using purposive sampling, hypothesis testing in this study uses smart PLS. The results of the study indicate that audit opinion has a positive effect on auditor switching, while the audit delay variable, the reputation of a public accounting firm does not show an effect on auditor switching. Financial distress as a moderating variable is able to strengthen the relationship between audit opinion and auditor switching but is not able to moderate the relationship between audit delay and the reputation of public accounting firms to auditor switching. The contribution generated from this research is that the results of this research can increase public knowledge about the factors that cause auditor switching in manufacturing sector companies.

KEYWORDS: audit opinion, reputation of public accountant firm, audit delay, company size, financial distress, auditor switching.

INTRODUCTION

The increasing development of public companies will have an impact on increasing the required accounting services. The duty of the auditor is to be able to carry out his duties, functions and obligations optimally so that it will affect the results of the audit opinion expected by the client and of high quality so that it will be useful for the business world and the wider community. If this cannot be fulfilled by an auditor, the company will replace the auditor who is seen as having more independence and high credibility (Hidayat & Wahjoe, 2019). Corporations that have listed their shares on the Indonesia Stock Exchange market are required to report audited financial statements. As stated in the regulations stipulated by the Financial Services Authority (OJK) No. 29/POJK.04/2016, every public listed corporation needs to report an annual report, one of which must contain an audited annual financial report (Aradianingsih, 2014; Hidayat & Wahjoe, 2019). According to (Yanti & Wijaya, 2020) and Ishak et al. (2010) companies that use the services of auditors will get a guarantee, namely a guarantee in the financial statements produced that the financial statements produced are relevant and reliable, so as to provide a high level of trust for all parties related to clients.

Indonesia requires mandatory auditor switching, but in fact many companies in Indonesia do voluntary auditor switching. Many factors can lead to voluntary auditor switching. If the auditor change is carried out by the company, this will raise suspicion from stakeholders. The question arises why the company changes auditors voluntarily (Hidayat & Wahjoe, 2019; Supriyati, 2021). Changes in auditors occur voluntarily, so the causative factors can come from the client side. An auditor or public accountant has a very important task, namely paying attention to the quality of the audit that is born. Independence must be owned by an auditor in maintaining the quality of an audit. Independence is a condition in which a party is not bound by another party in carrying out its duties. If there is a long audit assignment period on a client, then this condition will make the auditor not independent in carrying out his duties. To prevent such events, it is necessary to have an obligation to rotate auditors in the company. Matters related to the obligation to rotate auditors have been regulated in PP No. 20 of 2015 concerning “Practice of Public Accountants” in article 11 paragraph 1. The regulation states that a public accountant can provide audit services on financial information to an entity for a maximum of five consecutive financial years (As’ad & Nofryanti, 2021; Saputri et al., 2021)

The auditor rotation can be carried out either mandatory (mandatory) that is due to regulations from the government or voluntary (voluntary) which occurs when the client changes public accounting firm voluntarily. Dao & Pham (2014) say that auditor rotation that occurs voluntarily can arise when there are certain factors, both from corporations and from auditors outside of official provisions. Voluntary auditor rotation will tend to lead to an increase in audit fees. Moradi et al. (2012) suggest that a decrease in the company’s influence on public accounting firm caused by changes in auditors can develop audit quality and independence.
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Audit delay is defined as the length of audit completion time measured from the closing date of the financial year to the date of issuance of the audit report (Gaganis et al., 2016). Some researcher concluded audit delay as the time span for completing an annual financial statement audit report, measured based on the number of days required to obtain an independent auditor's financial report on an audit of the company's financial statements from the closing date of the company's books, which is December 31 until the date stated on the independent auditor's report (Soltani, 2002 and Wulandari & Budiartha, 2015).

There are several factors that influence the auditor switching, among others, the most common factors are: audit opinion, reputation of public accounting firm. According to Putra (2014), companies (clients) see the fairness of financial statements through statements or views issued by auditors or commonly referred to as audit opinions. The audit opinion on the financial statements will influence external parties in making decisions. Companies or clients tend to want an opinion in the form of an unqualified opinion (Collier & Gregory, 1999; Jaswadi et al., 2012). Client who received an unqualified opinion would rotate its auditors compared to a client who had received an unqualified opinion, therefore auditor rotation is positively influenced by audit opinion (J. Krishnan & Yang, 2009). On the other hand, some research show different results, they say that auditor rotation is not influenced by audit opinion. This is in line with the research conducted by Bowen et al. (2002), Jackson (2011) and G. V Krishnan (2003) on companies listed on the Teheran Stock Exchange which stated that public accounting firm switching was not influenced by audit opinion.

The next factor that causes auditor rotation is the reputation of the public accounting firm. A public accounting firm means a sole proprietorship, partnership, corporation, or other legal entity engaged in the business of providing services as public accountants. Reputation determines the credibility of a financial report, the reputation of the auditor is shown by the achievements and public trust that the auditor has on the good name that the auditor bears (Lin et al., 2013). A reputable public accounting firm is represented by public accounting firm from the international big-four group. Big-four public accounting firm is a public accounting firm that has a better reputation and expertise compared to auditors other than big-four. Several public accounting firms in Indonesia are affiliated with the four big-four international public accounting firm (Ferrer, 2016; Moradi et al., 2012).

From some of the research on auditor switching that has been presented above, there are differences in results. Differences in the variables, periods, and objects studied resulted in differences in the results of the research that had been carried out. Based on the differences and findings of the phenomena above, researchers are encouraged to carry out research on the effect of audit opinion, public accounting firm reputation, financial distress as moderating variable on auditor switching. Why do researchers add financial distress variables, this is because if the company experiences financial distress caused by continuous losses operationally. If the company's marketing division continues to fail to meet targets, then your company is threatened with financial distress, either because it fails to carry out operational obligations or fails to satisfy investors in company performance. Financial distress is a condition where the corporation (client) shows that they are experiencing financial difficulties where the total liabilities exceed the available assets. Financial difficulty is a condition of insolvency, namely when the corporation is unable to fulfill its obligations with the results of its operations. The condition in which the corporation is experiencing financial difficulties raises the desire to replace the public accounting firm in the hope of being able to reduce the audit fee of the company. So, it can be said that the corporation will choose public accounting firm that is in accordance with the company's financial condition.

Research by Brahmana (2007) and Hernandez Tinoco & Wilson (2013) show that auditor rotation is affected by financial difficulties. This research is expected to be able to add to the understanding of what factors can lead to a change in auditors in a company. Based on several studies conducted, there are inconsistent results in previous research, researchers are interested in digging deeper into the issue of auditor switching by adding the moderator variable financial distress. It is expected that the moderator variable will affect auditor switching. In accordance with the description above, the formulation of the problem in this research can be summarized as follows:

1. Does the audit opinion have a positive effect on auditor switching?
2. Does public accounting firm reputation have a positive effect on auditor switching?
3. Does audit delay have a positive effect on auditor switching?
4. Does financial distress can moderate the relationship of audit opinion and public accounting firm reputation to auditor switching?

LITERATURE REVIEW

Agency theory using this research, because Agency theory is defined as a relationship or relationship between one party called the principal and another party called the agent. The principal or owner of the company is separate from the management or agent (Jensen & Meckling, 1976). The agent in this case is mandated by the principal to operate and manage the resources owned by the company and is responsible for the results to the principal (Donaldson & Davis, 1991). Agents do not always act to try to maximize the interests of the principal, sometimes agents also try to maximize their own interests. This can lead to agency problems. The principal can limit the difference between his interests and the interests of the agent by conducting monitoring costs that are prepared to set limits on the agent's activities so as not to deviate from his goals and by imposing appropriate incentives for the agent. To
monitor and ensure that the agent's activities are on the right track and act to maximize the interests of the principal, the principal provides auditor services, so that the output from management in the form of financial reports can be said to be reliable (Mgammal et al., 2018).

Agency costs can arise when agency problems occur, the composition of agency costs includes (Jensen & Meckling, 1976):
1. The monitoring expenditures by the principal, namely expenditures made by the principal to monitor the activities of the management.
2. The bonding expenditures by the agent, namely expenditures made by management with the aim of ensuring that management's actions will not cause harm to the principal.
3. The residual loss, namely the level of welfare of the principal and management which decreased after the agency relationship emerged.

There are some experts who have defined financial distress related to agency problem, namely Platt (1995) revealed that financial distress is the initial stage or condition for the first time a decline in company finances before bankruptcy or liquidation occurs. Financial distress according to Senbet and Wang (2010) is a condition that requires companies to pay obligations or debts due but the company cannot pay these obligations. So, it can be concluded that financial distress does not occur when the company has gone bankrupt but will occur before the bankruptcy occurs, therefore financial distress will be very effective if used by the company or stakeholders as a detection of potential bankruptcy in a company. If the company can detect potential bankruptcy, then the management can take actions and re-analyze all activities of the company that are considered to be a factor that causes financial distress or financial crisis before the company experiences a real bankruptcy.

The benefits of financial distress information on several parties concerned to the company according to Gopalan and Xie (2011), namely:
   a. Lenders. Benefits for lenders or creditors are in the decision making efforts which companies will be given loans and to monitor loans that have been given,
   b. Investors. The benefit for investors on financial distress information is that investors will easily see the signs that the company is bankrupt, so this is used by investors to sell their shares and bonds as quickly as possible.
   c. Government. The benefit for the government is that it can detect company bankruptcy more quickly so that the government can take the necessary initial action because the government has responsibility for the running of a business.
   d. Accounting. For accountant’s financial distress information will be useful in assessing the sustainability of a company's business.

Auditor rotation of public accounting firm by a corporation is called auditor switching. Auditor rotation can occur obligatory (mandatory) or voluntary (voluntary). The mandatory change of auditors is due to the regulations that apply in this case, namely PP No. 20 of 2015 concerning “Practice of Public Accountants”. The purpose of mandatory auditor switching is to maintain public trust from possible irregularities, improve service quality, and avoid too close a relationship with the company (Ram & Hassan, 2017). Auditor rotation can also be done voluntarily by the company. Audit opinion, management switching, public accounting firm, size, and client firm size are some of the factors that can cause voluntary auditor rotation (Skousen et al., 2009).

Audit delay is the length of audit completion time measured from the closing date of the financial year to the date of completion of the independent audit report. According to the length of time for completion of the audit conducted, it indicates the time between the date of the financial statements and the date of the audit opinion in the audited financial statements. Worldwide, delays in auditing financial statements have been identified as one of the causes of overall delays in the publication of their annual reports. The only major source of information that investors can trust are audited annual reports (Abdelghany, 2005; Abidin & Ahmad-Zaluki, 2012).

Audit Opinion according to Auditing Standard 700 (SA 700) issued by IAPI, audit opinion is an auditor's statement on the fairness of the financial statements presented by the corporation in all material respects in accordance with applicable standards. An opinion may be given when an auditor concludes that the auditor has obtained reasonable assurance about whether the financial statements are presented in a comprehensive manner, free from material misstatement, whether due to fraud or error. In Auditing Standard 700 (SA 700) there is an unmodified opinion or commonly referred to as an unqualified opinion. In this opinion, qualification or modification of the auditor's opinion is not required, therefore this opinion is often referred to as a "clean opinion". In addition to unmodified opinions, there are also several types of modifications to the auditor's opinion, including qualified opinions, adverse opinions, and disclaimers of opinion (Piaywiboon, 2015; Vanstraelen, 2000).

The reputation of the public accounting firm shows an achievement of public trust achieved by the public accounting firm so that it will form the big name of the public accounting firm. In general, companies assume that auditors from public accounting firm affiliated with big-four have the best quality (Ram & Hassan, 2017). The high reputation of the big-four public accounting firm is due to the big-four public accounting firm having an extensive network, reliable auditors, and having superior experience compared

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to non-big-four public accounting firm. Corporations that use audit services from reputable public accounting firms are expected to someday be able to generate attractiveness for stakeholders who want to invest. According to Firsta & Muniarti (2017) clients who have used public accounting firm services from the big-four group tend to be reluctant to change their auditors.

**HYPOTHESIS DEVELOPMENT**

In determining the reliability and relevance of a company's financial statements requires an auditor. The result of the auditor's search for the financial statements is called the audit opinion. The audit opinion generated by the auditor varies depending on the financial statements and other supporting evidence (Mgammal et al., 2018). This opinion is useful for external parties such as investors in determining their decision to invest. Companies tend to want the resulting opinion in the form of an unqualified opinion. If the corporation obtains an opinion other than an unqualified opinion, the corporation will try to change its auditor in order to produce the desired opinion. Research conducted by Gopalan and Xie (2011), states that auditor rotation is positively influenced by audit opinion. Meanwhile, Senbet and Wang (2010) found that auditor rotation was not influenced by audit opinion. Based on the description above, the formulation of the research hypothesis is as follows.

**H1:** Audit opinion has a positive effect on audit switching

Corporations will generally choose a reputable public accounting firm with the aim of convincing users of financial statements that the financial statements provided have been assessed by a reliable party Skousen et al. (2009). Therefore, to establish a reputation in the public accounting firm, the public accounting firm always tries to show good achievements and performance so that it can convince clients to use its services. By choosing the services of an auditor from a reputable public accounting firm, the company is expected to be able to convince and attract the attention of investors. Research conducted by (Ram & Hassan (2017)) suggests that public accounting firm switching is significantly affected in a negative direction by auditor reputation. This is in line with what was stated by (Mgammal et al., 2018) who stated that auditor reputation affects auditor switching in a positive direction. Based on the explanation above, the formulation of the hypothesis is stated as follows.

**H2:** Public accounting firm reputation has a positive effect on audit switching.

The length of time for completion of the audit can affect the timeliness of the reported financial reports, so that it can have an impact on users of financial statements when they want to make decisions based on the information presented. The high level of complexity and complexity is the cause of an auditor needing extra time to complete the audit process. Research conducted by Brahmana (2007) and Hernandez Tinoco & Wilson (2013) proves that audit delay is able to have a significant and positive effect on auditor rotation. This is in line with the research conducted by Skousen et al., (2009) which showed that audit delay was able to significantly affect auditor switching. Meanwhile, research conducted by Naumann, (2000) suggests that auditor rotation is not affected by audit delay. Based on the explanation above, the formulation of the hypothesis can be stated as follows.

**H3:** Audit delay has a positive effect on audit switching.

Moreover, financial statement analysis is a process to identify weaknesses and financial strengths of the company by explaining the relationship of one account with another account contained in the financial statements. Financial statement analysis is used to identify key changes in financial statements and help users of information in evaluating business policies that have been implemented and to predict future company performance. The information produced by this analysis will show an early warning sign of a shift towards success or even failure of a company (Elkamhi et al., 2012). In an effort to determine the company's financial distress, financial ratio analysis can be used. Miglani et al., (2015) argues that the ratio of profitability, leverage, liquidity and cash flow coverage are significant indicators in determining a company's financial distress.

Corporations that are in a financial slump or are threatened with bankruptcy tend to rotate auditors. This condition is caused by corporations that are experiencing financial downturns tend to be unable to pay audit fees that are not low from big-four public accounting firm, so companies are compelled to change the type of public accounting firm from big-four public accounting firm to non-big-four (small) public accounting firm. Research conducted by (Mgammal et al., 2018) found that financial distress is believed to have a positive influence on the switching of public accounting firms. Brahmana (2007) and Hernandez Tinoco & Wilson (2013) suggest the same thing, namely that auditor switching can be positively influenced by financial distress. Keasey et al. (2015) also found that auditor switching is positively affected by financial distress.

**H4:** Financial distress strengthens the effect of audit opinion on auditor switching

**H5:** Financial distress strengthens the effect of reputation public accountant firms on auditor switching

**H6:** Financial distress strengthens the effect of audit delay on auditor switching
Variables that describe or affect the dependent (bound) variable are referred to as independent variables. The independent variables to be used in this research include:

- **Audit Opinion.** According to Keasey et al. (2015) a statement issued by an auditor when checking the fairness of a financial report is called an audit opinion. This research refers to the research conducted by Brahma (2007) and Hernandez Tinoco & Wilson (2013) which uses a dummy variable, where for corporations that obtain an unqualified opinion will be given a value of 1 and for corporations that obtain opinions other than an unqualified opinion will be given a value of 0.

- **Public accounting firm’s reputation.** Research by Brahma (2007) and Hernandez Tinoco & Wilson (2013) states that auditor reputation is something that determines the credibility of financial statements. This research refers to the research conducted by Brahma (2007) and Hernandez Tinoco & Wilson (2013) namely to determine the reputation of the public accounting firm measured using a dummy variable, where the company will be given a value of 1 if it is audited by a public accounting firm affiliated with a big-four public accounting firm and given a value of 0 if the corporation is audited by a public accounting firm non-big four.

- **Audit Delay.** According to Keasey et al. (2015) audit delay is interpreted as the number of days from the closing date of the company’s books until the audited financial report is signed by the auditor. This research refers to research conducted by McGee & Yuan, (2012) where the audit delay variable is measured using the number of days the company closes until the report is signed by the auditor.

- **Financial Distress.** According to Brahma (2007) and Hernandez Tinoco & Wilson (2013) financial distress is a condition in which a corporation suffers from a financial downturn and is worried that it will go bankrupt. This research refers to research conducted by Baker & Wurgler (2007) where financial distress is measured using the debt-to-equity ratio (DER). The formula for calculating DER is as follows:

\[
DER = \frac{Total\ Liabilities}{Total\ Equity}
\]

**Research Finding**

Researchers chose the population in the form of manufacturing companies listed on the Indonesia Stock Exchange during the period 2018 to 2020. The sample selection procedure in this study used purposive sampling method.

**Table 1. List of Observation**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Number of Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing companies listed on the IDX during 2018-2020</td>
<td>150</td>
</tr>
<tr>
<td>2</td>
<td>Companies that did not profits during year 2018- 2020</td>
<td>(51)</td>
</tr>
<tr>
<td>3</td>
<td>Report data is incomplete during 2018- 2020</td>
<td>(60)</td>
</tr>
<tr>
<td>4</td>
<td>Financial statements does not use the rupiah currency</td>
<td>(10)</td>
</tr>
<tr>
<td>5</td>
<td>Total sample</td>
<td>28</td>
</tr>
<tr>
<td>6</td>
<td>Year of observation</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Number of observation (28 x 3 years)</td>
<td>84</td>
</tr>
</tbody>
</table>

**Source:** IDX (2020)
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The following are the results of the PLS Algorithm processing in the research model as follows:

![Figure 2. PLS Model Algorithm Processing](image)

The PLS Algorithm calculation results show that the value of R Square is 0.814 shows a structural model that describes the effect of as a whole is in the high category to explain the effect of the moderating variable (Hair et al., 2014; Shackman, 2013).

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earning Management</td>
<td>0.829</td>
<td>0.814</td>
</tr>
</tbody>
</table>

Table 2. R Square

Structural Model-Fit evaluation is carried out to determine the relevance of predicting structural models which can be used to test the effect of the moderating variable on the dependent variable and the independent variable. The measure that can be used is the predictive relevance SRMR value, because the two calculation results shows 0,011 two numbers less than 0,1 then the two structural variables have predictive relevance (Hair et al., 2014; Shackman, 2013).

Table 3. Structural Model-Fit

<table>
<thead>
<tr>
<th>Description</th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardized Root Mean Square Residual (SRMR)</td>
<td>0,011</td>
<td>0,015</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>132,42</td>
<td>130,01</td>
</tr>
</tbody>
</table>

Path Coefficients in the table below contain the path coefficient values (the numbers are located in the original sample column). All path coefficients in this study are positive as based on the Path Coefficients table, the researcher can test for each path with the results listed in the table below. A positive sign and p value less than 0.05 indicates that the independent variable has a positive effect on the dependent variable.

Table 4. Hypothesis Direct Result

<table>
<thead>
<tr>
<th>Influence Pathways</th>
<th>Beta (Original Sample)</th>
<th>Sample Mean</th>
<th>T-Statistic</th>
<th>P-value</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ Audit opinion</td>
<td>0,801</td>
<td>0,094</td>
<td>4,424</td>
<td>0,038</td>
<td>Auditor opinion has effect on audit switching</td>
</tr>
<tr>
<td>H₂ Reputation public accounting firms audit switching</td>
<td>0,170</td>
<td>-0,165</td>
<td>1,631</td>
<td>0,426</td>
<td>Reputation public accounting firms has no effect on audit switching</td>
</tr>
<tr>
<td>H₃ Audit delay audit switching</td>
<td>-0,208</td>
<td>-0,217</td>
<td>1,827</td>
<td>0,503</td>
<td>Audit delay has no effect on audit switching</td>
</tr>
</tbody>
</table>

Based on the PLS analysis that has been carried out, the results of the first hypothesis tests prove that H₁ is acceptable, and the audit opinion is able to influence auditor switching. The results of this research are directly proportional to the research conducted by M gammal et al. (2018) which suggests that auditor switching is influenced by audit opinion. M gammal et al., (2018) found the same thing, namely auditor rotation is influenced by audit opinion. The results of this research are in tune with who suggest that auditor
switching is positively influenced by audit opinion. Brahmana (2007) and Hernandez Tinoco & Wilson (2013) same results from this study, namely that audit opinion had an effect on auditor switching. Corporations that utilize the services of a new auditor will obtain an audit opinion that is the same or not much different from the opinion submitted by the previous auditor. This is because the new auditor will seek information to provide an audit opinion through the information contained in the previous auditor (Hernandez Tinoco & Wilson, 2013).

For the second hypothesis (H2) reputation public accounting firms has no effect on audit switching. From these results, a conclusion can be drawn that H2 is rejected and public accounting firms reputation is declared unable to influence auditor switching. This is in line with the results of research conducted by Mgamul et al., (2018) which found that auditor rotation was not influenced by public accounting firms reputation. Gopalan and Xie (2011) also found that auditor reputation has not been able to provide a significant influence on auditor switching. Based on these results, it can be concluded that H2 is rejected, and the audit delay variable has no significant effect on the auditor switching variable. These results are in line with the results of research from Piyawiboon (2015) and Vanstraalen (2000) which found that auditor switching could not be affected by audit delay.

### Table 5. Hypothesis Result Specific Indirect Effect

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta (Original Sample)</th>
<th>Sample Mean</th>
<th>T-Statistic</th>
<th>P-value</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4 Financial distress strengthens the effect of audit opinion on auditor switching.</td>
<td>0,791</td>
<td>0,281</td>
<td>6,024</td>
<td>0,000</td>
<td>H4 is supported and indicates that financial distress strengthening the effect of audit opinion on auditor switching.</td>
</tr>
<tr>
<td>H5 Financial distress strengthens the effect of reputation public accountant firms on auditor switching</td>
<td>-0,405</td>
<td>-0,145</td>
<td>4,201</td>
<td>0,058</td>
<td>H5 is rejected and indicates that financial distress as moderating has no effect to audit opinion on auditor switching.</td>
</tr>
<tr>
<td>H6 Financial distress strengthens the effect of audit delay on auditor switching</td>
<td>-0,307</td>
<td>-0,201</td>
<td>3,620</td>
<td>0,142</td>
<td>H6 is rejected and indicates that financial distress as moderating has no effect to audit opinion on auditor switching.</td>
</tr>
</tbody>
</table>

Significant P-value (Sig.) at α = 5%

Moderating variable is a variable that strengthens or weakens the influence of the explanatory (independent) variable on the dependent (dependent) variable. One important feature is that this variable is not affected by the explanatory variable. This variable can be pure moderation or quasi moderation (Chin, Wynne, 1999; Hair et al., 2020; Sarstedt et al., 2014). The calculation results show that the P-value H4 is 0,000 is accepted, but H5 is 0,058 and H6 is 0,142 more than the significance level used at α 0.05, indicating that financial distress as moderating has no effect to audit opinion on auditor switching.

Conclusion for all indirect hypotheses are when a change of auditor occurs due to regulations that limit tenure, the main attention turns to the replacement auditor, no longer to the client. In contrast to the voluntary auditor switching that can occur due to a dispute between the client and the auditor, the mandatory change that occurs is forced separation by regulation. When the client is looking for a new auditor, at that time the information held by the client is greater than the information held by the auditor. This situation is logical because clients will choose auditors who are more likely to agree on their accounting practices. Meanwhile, the auditor may not have complete information about his client. If then the auditor is willing to accept a new client, then this can happen because the auditor already has sufficient information about the new client or the auditor does so for other reasons, such as financial reasons.

**CONCLUSION, LIMITATION AND SUGGESTIONS**

This research is intended to determine the effect of audit opinion, public accounting firm reputation, audit delay and financial distress as moderating variable on auditor switching. From the overall processing of data analysis in this research, a conclusion as follows: Audit opinion has a positive effect on auditor switching. Corporations that get an opinion other than unqualified will try to obtain an audit opinion that is the same or not much different from the opinion submitted by the previous auditor. This is because the company already feels that there is no longer a match with its auditor, it is hoped that the change of a new auditor will change the opinion generated in the following year. Public accounting firm reputation and audit delay do not have a positive effect on auditor switching. Corporations that have signed contracts with reputable public accounting firm tend to maintain...
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using their services and each company chooses public accounting firm that they feel are comfortable, even though they are not from big-four public accounting firm. Audit delay has no positive effect on auditor switching. When an audit delay occurs, the company will not perform auditor switching if the delay does not violate the applicable rules. Financial distress as a moderating variable can strengthen the relationship of audit opinion has a positive effect on auditor switching but is not able to act as a moderating variable for the reputation of the accounting firm and audit delay to auditor switching.

In conducting this research, the researcher found several limitations, the researcher sometimes found it difficult to obtain the desired financial statement data so that at the time of sample selection there were several companies that failed to meet the sample criteria due to the incompleteness of the data. The following are some suggestions that the researcher would like to convey to the next researcher who will examine the same thing, for example using other independent variables that are considered capable of influencing the occurrence of auditor switching, such as: audit fee and management changes.

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