Effects of Audit Fee, Audit Delay, Financial Distress, Audit Opinion and Audit Tenure on Auditor Switching

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Abstract

This study aims to analyze the Effect of Audit Fee, Audit Delay, Financial Distress, Audit Opinion and Audit Tenure on Auditor Switching (Empirical Studies of Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the Indonesia Stock Exchange in 2019-2021) partially and simultaneously. This research data uses secondary data in annual reports of company on the Indonesia Stock Exchange (IDX) and the official website of the related company. The sample of this research is a Manufacturing Company in the Food and Beverage Sub Sector using a purposive sampling technique in taking the sample so that there are 21 samples with 3 years of observation (63 observations). The analysis technique used is logistic regression analysis technique using the SPSS 25 software application. The results of the R^2 test show that the effect of the independent variable on the dependent variable is 71.9% and 28.1% is explained by other variables. Based on the test result, it is known that the variables Audit Fee, Audit Delay, Financial Distress, Audit Opinion and Audit Tenure simultaneously have a significant effect on Auditor Switching. The results showed that the variables of financial distress, audit opinion and audit tenure partially had a significant effect on auditor switching, while the variables audit fees and audit delay partially had no significant effect on auditor switching.

Keywords: Audit Fee, Audit Delay, Financial Distress, Audit Opinion, Audit Tenure, Auditor Switching

Introduction

Based on the Financial Services Authority (OJK) Regulation in 2016 concerning Annual Reports of Issuers or Companies Listed on the Indonesia Stock Exchange (IDX), it is
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mandatory to submit audited financial reports (Ilhami, 2018). Statement reports aim to provide information related to the financial condition, performance, and changes in the company's financial structure that is useful for users of financial statements in making economic decisions. Therefore, financial reports must be presented fairly, reliably and can be used as material for consideration in making a decision.

Public accountants or auditors are independent parties tasked with examining and providing opinions on the fairness of the company's financial statements (Ruroh & Rahmawati, 2016). Given the urgency of their duties, the auditor must maintain the quality of the resulting audit by having an attitude of independence. Auditors must maintain their independence and avoid things that can reduce this independence. Many companies implement auditor switching to reduce the possibility of a close relationship between the company and the auditor to maintain independence.

Agoes (2018) states that auditor switching is one of the things that is required for every company to do in maintain auditor independence and maintain stakeholder trust in the credibility of a financial reports of company. Auditor switching is defined as the process of changing auditors caused by the company's own or because of the obligation to change auditors that have been regulated by the government of company. In Government Regulation No. 20/2015, paragraph 11, it is stated that there are restrictions on public accountants, is five consecutive financial years. This is done to avoid a harmonious relationship between the client company and the auditor, which will have an impact on the audit results of the auditor's financial statements.

Concerns about diminishing auditor independence caused by the long working relationship were strengthened by the collapse of the Enron company involving the Public Accounting Firm Arthur Andersen in 2001. This case had an impact on global financial markets and caused a drastic decline in stock prices in various parts of the world, from Europe and America to Asia. This case has made many people from all over the world question the independence of auditors (Maulana, 2015).

The phenomenon of auditor switching in Indonesia, one of which is in the Food and Beverage Sub Sector Manufacturing Companies listed on the Indonesia Stock Exchange (IDX), can be seen in PT FKS Food Sejahtera Tbk, which uses the same auditor for 4 years, and the audit delay that occurs reaches 120 days (in regulation No. KEP-431/BL/2012). However, based on the data obtained, it is known that there was an audit delay with reporting reaching more than 120 days in 2017–2019, during which the auditor should have been able to recognize the condition of the company (Marisa et al., 2022).

Auditor switching in a company has several factors that influence it. Based on Nasser et al., (2006), it was revealed that auditor switching will lead to increased audit fees. This increase was due to the large start-up audit costs to get to know and study the client's business environment. The policy regarding the determination of the audit fee is stated in the Decree of the Chairperson of the Indonesian Institute of Public Accountants (IAPI) with No. KEP.024/IAPI/VII/2008 (updated Management Regulation No. 2 of 2016 concerning the
Determination of Fees for Financial Statement Audit Services). This letter serves as a guide for all IAPI members who practice as public accountants in determining the amount of fair compensation for the professional services rendered. Public accountants, in determining audit fees, must pay attention to the stages of audit work and consider client needs, independence, level of expertise, and the basis for determining fees that have been agreed (Gultom, 2019).

Another factor that influences auditor switching is audit delay. Audit delay is the period of time required by the auditor to produce an audit report on the company's financial statements, starting from the closing date of the financial year until the date the audit opinion is submitted and signed. Audit delays that exceed the predetermined time limit will result in delays in the publication of financial reports. This delay indicates a problem with the issuer's financial statements, thus requiring more time to complete the audit (Verawati & Wirakusuma, 2016).

Another factors, such as financial distress are conditions where a company is going through a financial crisis phase and is on the verge of bankruptcy. Companies that are financial distress will affect the views of several interested parties, both internal and external. Therefore, companies will tend to increase all subjective evaluations and be careful when disclosing the company's actual financial condition. The condition of this company will cause the company to conduct auditor switching order to avoid an audit opinion that explains the actual condition of the company's financial statements that the value of the company's liabilities is greater than the value of its assets (Schwartz & Menon, 1985).

Another factors, such as the audit opinion given by the auditor, Audit opinion is very important in the audit process because it is the main source of information that can be provided to users about what the auditor has done and the conclusions he has drawn. Unqualified Opinion is not only an indicator of the successful performance of a business entity, government, or certain group but also a standard for public reputation in an effort to enhance a positive image in financial management and accountability. Companies that get unqualified opinions tend not to change their auditors (Lutfi & Sari, 2019).

Audit tenure is the length of time for which a relationship exists between the client and the auditor. The longer the auditor audits the financial statements of the same client company, the less independent the auditor will be. This occurs when a close relationship arises between the auditor and the company, which can lead to a decrease in the quality of the resulting audit. Long-tenure audits can cause the quality of the auditor's work competence to tend to decrease significantly over time, which can lead to the perception that it is difficult for the auditor to act independently. That is what makes tenure audits a factor that also influences auditor switching (Astrini & Muid, 2013).

Research related to auditory switching variables has been done before but has had inconsistent results between researchers. Based on the background, research gaps, and phenomena previously described, this study aims to determine whether audit fees, audit delays, financial distress, audit opinions, and audit tenure have an effect on auditor switching, partially or simultaneously.
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Literature Review

Agency Theory

Agency theory is a theory that provides an explanation of the relationship between principal and agent. Jensen & Meckling (1976) define an agency relationship as a condition where one or more people (the principal) involve another person (the agent) in performing some services on behalf of the principal, which involves delegation of authority in decision-making by the agent bound by a contract. The principal in this case is the part that provides, while the agent is the part carrying out the mandate. The main objective is to explain how the parties to a contractual relationship can design a contract to minimize costs as a result of asymmetric information and uncertainties. Agency theory states that independent auditors should be able to minimize differences in interests that occur between principals and agents by monitoring and examining activities carried out by interested parties (Hartadi, 2009).

Auditor Switching

Auditor switching is an action taken by replacing the old Public Accounting Firm or Public Accountant with a new Public Accounting Firm or Public Accountant to conduct an audit of a company conducted by a client company in the following year's period. According to Sumarwoto (2006), auditor switching has two characteristics: internal and external factors of the company. Internal factors (voluntary) are management decisions that replace auditors before the obligation of audit rotation or auditors who resign, and external factors are the obligation of audit rotation according to government regulations (mandatory). Changing auditors will encourage companies to present financial reports better than when the company was still being audited by the previous auditor (Tifanny et al., 2020). The replacement of the auditor is carried out to maintain the independence and objectivity of the auditor.

Audit Fee

According to Agoes (2018), an audit fee is a reward received by a public accountant after completing all of audit services, the amount of which depends on the risk involved in the assignment, the complexity of the services provided, the level of ability required, the fee structure of the Public Accounting Firm concerned, and other professional considerations. It is concluded that the audit fee is the amount of fees received by public accountants after completing audit services, which has been measured through information on estimated audit fees from the working hours of the audit staff concerned. Schwartz & Menon (1985) stated that what prompted companies to change auditors could be relatively high audit fees, so there was no agreement between the two parties regarding the amount of the audit fee.

Audit Delay

Audit delay is the process of delaying the publication of financial reports to the public caused by a long audit process and calculated by adding up the days between the date of the financial statements per period issued by the company and the date the independent auditor's report is issued (Carslaw & Kaplan, 1991). During the audit process, which tends to take quite a long time, the auditor will often experience several problem that will later have an impact on
the time of audit completion, so that the audit report experiences a delay. Audit delay is considered one of the factors influencing auditor turnover because if the submission of financial reports to the capital market is delayed, the capital market will be suspicious and have a negative assessment of the company. This is feared to affect the decisions of stakeholders.

Financial Distress

Financial distress is a condition in which a company experiences financial difficulties and is on the verge of bankruptcy. Financial distress is marked by the termination of employment and having obligations that are greater than the assets owned by the company in financial statements. This financial distress will occur if the company is can’t to meet the payment schedule or when the company's cash flow projections indicate that the payment will not be fulfilled in the near future (Sembiring, 2016). Companies that experience financial distress will have a negative value in operating their companies, so the possibility for companies to change auditors is much greater in order to gain the trust of stakeholders.

Audit Opinion

According to Ardiyos (2007), an audit opinion is a collection of reports on the results of an assessment of the fairness of the financial statements presented by the company and issued by a registered public accountant. According to Mulyadi (2013), audit opinion is defined as the auditor's opinion regarding the fairness of audited financial statements, generally in all material matters, based on the suitability of the preparation of financial statements with generally accepted accounting principles. An audit opinion issued other than an unqualified opinion will create the perception that the company is closed and has problems in its operating financial system. Therefore, the company will avoid a disclaimer opinion from the auditor.

Audit Tenure

Audit tenure is the period of time needed to provide audit services to certain clients by a Public Accounting Firm (Shockley, 1981). Long-tenure audits can cause the quality of the auditor's performance competence to tend to decrease significantly over time and lead to the perception that it is difficult for the auditor to act independently. This is due to the possibility that there is a personal relationship, which is considered to interfere with auditor independence (Astrini & Muid, 2013). The audit tenure is related to the signal theory, whereby if financial reports are submitted on time, they become good news and give a good signal to the public, and vice versa. This makes audit tenure one of the factors that influence auditor turnover.

Research Method

Data Types and Sources

The type of data used in this research is secondary data. The research data source was obtained from audited financial reports in the annual report of the Food and Beverage Manufacturing Companies Listed on the Indonesia Stock Exchange for the period 2019–2021, obtained from the website www.idx.co.id and the website of the company concerned.
Additional data sources were obtained through books, literary media, company documents, articles, scientific journals, and other reading media related to the topic this study.

**Population and Sample**

The population of this research is Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange in 2019–2021 which there are 30 companies. The sampling technique in this research used the purposive sampling method, which is a sampling method that was selected based on certain criteria, and there were a total of 21 companies that met the requirements of the established criteria with 3 years of research, so amount sample is 63 data.

**Data Collection Techniques and Data Analysis Techniques**

The data collection technique in this study is the documentation study technique. This technique is used to reveal the data again if necessary for analysis or other comparisons. The documentation method is also used as a complement to research data. Data analysis techniques in this study used the SPSS Statistics Version 25.0 software program. The data analysis technique used is logistic regression.

**Result/Findings**

Testing the data in this study was carried out in several stages, namely: descriptive statistics, the classical assumption test, logistic regression analysis, and hypothesis testing.

### Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Fee</td>
<td>63</td>
<td>17.45</td>
<td>24.10</td>
<td>20.9686</td>
<td>1.22494</td>
</tr>
<tr>
<td>Audit Delay</td>
<td>63</td>
<td>52</td>
<td>178</td>
<td>101.83</td>
<td>28.728</td>
</tr>
<tr>
<td>Financial Distress</td>
<td>63</td>
<td>.14</td>
<td>87.91</td>
<td>2.0022</td>
<td>11.04577</td>
</tr>
<tr>
<td>Audit Opinion</td>
<td>63</td>
<td>0</td>
<td>1</td>
<td>.92</td>
<td>.272</td>
</tr>
<tr>
<td>Audit Tenure</td>
<td>63</td>
<td>1</td>
<td>3</td>
<td>1.46</td>
<td>.668</td>
</tr>
<tr>
<td>Auditor Switching</td>
<td>63</td>
<td>0</td>
<td>1</td>
<td>.49</td>
<td>.504</td>
</tr>
</tbody>
</table>

Source: Data Olahan SPSS Versi 25, 2023

### Classic Assumption Test

**Autocorrelation Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R$^2$</th>
<th>Std. Error the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.745*</td>
<td>.554</td>
<td>.506</td>
<td>.354</td>
<td>2.088</td>
</tr>
</tbody>
</table>
The results of testing the DW value of 2.088 are greater than the table values with a significance of 5%, n = 63, and k = 5 from the upper limit (du) of 1.7671 and smaller than 4 – 1.7671, so it is concluded that there is no autocorrelation in this research.

### Normality Test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
</tr>
<tr>
<td>63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Normal Parameters</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.0000000</td>
<td>.29382043</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Most Extreme Differences</th>
<th>Absolute</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.097</td>
<td>.089</td>
<td>-.097</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Test Statistic</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.097</td>
</tr>
</tbody>
</table>

Asymp. Sig. (2-tailed) 0.200

### Heteroscedasticity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-.237</td>
<td>.236</td>
</tr>
<tr>
<td>Audit Fee</td>
<td>.017</td>
<td>.011</td>
</tr>
<tr>
<td>Audit Delay</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Financial Distress</td>
<td>-.001</td>
<td>.001</td>
</tr>
<tr>
<td>Audit Opinion</td>
<td>.098</td>
<td>.058</td>
</tr>
<tr>
<td>Audit Tenure</td>
<td>-.045</td>
<td>.020</td>
</tr>
</tbody>
</table>

### Multicollinearity Test

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Audit Delay</td>
</tr>
<tr>
<td>Financial Distress</td>
</tr>
</tbody>
</table>
The results of the test show that each independent variable has a fair value. It can be seen that the data table shows that no one infringe the tolerance values > 0.1 and VIF < 10, so it is concluded that there is no multicollinearity in the research.

**Logistic Regression Analysis**

**Coefisien Determination R\(^2\) Test**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Step</th>
<th>-2 Log likelihood</th>
<th>Cox &amp; Snell R(^2)</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>38.546(^a)</td>
<td>.539</td>
<td>.719</td>
</tr>
</tbody>
</table>

Source: Data Olahan SPSS Versi 25, 2023

The results of the test found that the Nagelkerke R Square value was 0.719, which means that the variability of the dependent variable explained by the independent variables was only 71.9%.

**Overall Fit Model**

<table>
<thead>
<tr>
<th>Block Number</th>
<th>Nilai</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2LL awal</td>
<td>87.321</td>
</tr>
<tr>
<td>-2LL akhir</td>
<td>38.546</td>
</tr>
</tbody>
</table>

Source: Data Olahan, 2023

The results of the test found that the regression model was declared good because there was a decrease in the initial -2LL value (block number 0) with the final -2LL value (block number 1).

**Regression Feasibility Model**

<table>
<thead>
<tr>
<th>Hosmer and Lemeshow Test</th>
<th>Step</th>
<th>Chi-square</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>6.450</td>
<td>8</td>
<td>.597</td>
</tr>
</tbody>
</table>

Source: Data Olahan SPSS Versi 25, 2023

The results of the test conclude that the significance value is much greater than 0.05, so the research model is able to predict the observed value or fit with the observation data.

**Classification Matrix**

The results of this research show that the ability of the regression model to measure the prediction of a company's decision to change auditors is 85.7%. This test explains that there are a total of 30 companies that are likely to perform auditor switching out of a total of 31
companies that carry out auditor switching in the company. In addition, the ability of the regression model that does not perform auditor switching provides a prediction of 75.0%. These results state that with the regression model used, there are a total of 24 companies that are predicted not to carry out auditor switching out of a total of 32 companies.

Hipotesis Test

Wald Test

<table>
<thead>
<tr>
<th>Variables in the Equation</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 Audit fee</td>
<td>-.024</td>
<td>.018</td>
<td>-1.317</td>
<td>1</td>
<td>.193</td>
<td>1.436</td>
</tr>
<tr>
<td>1 Audit delay</td>
<td>.000</td>
<td>.001</td>
<td>-.448</td>
<td>1</td>
<td>.656</td>
<td>1.527</td>
</tr>
<tr>
<td>Financial distress</td>
<td>.006</td>
<td>.002</td>
<td>2.682</td>
<td>1</td>
<td>.010</td>
<td>.846</td>
</tr>
<tr>
<td>Audit opinion</td>
<td>.263</td>
<td>.099</td>
<td>2.656</td>
<td>1</td>
<td>.010</td>
<td>.728</td>
</tr>
<tr>
<td>Audit tenure</td>
<td>-.527</td>
<td>.033</td>
<td>-15.748</td>
<td>1</td>
<td>.000</td>
<td>.025</td>
</tr>
<tr>
<td>Constant</td>
<td>1.539</td>
<td>.398</td>
<td>3.862</td>
<td>1</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Data Olahan SPSS Versi 25, 2023

Omnibus Test

<table>
<thead>
<tr>
<th>Omnibus Tests of Model Coefficients</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1 Step</td>
<td>48.775</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Block</td>
<td>48.775</td>
<td>5</td>
<td>.000</td>
</tr>
<tr>
<td>Model</td>
<td>48.775</td>
<td>5</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Data Olahan SPSS Versi 25, 2023

Discussion

Based on the tests that have been carried out, the research results obtained are:

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Based on the results of the omnibus test table, it is known that the results of testing the independent variables on the dependent variable mutually influence each other. The results of the analysis of all variables on auditor switching have a significance value of 0.000 <0.05 (α = 5%); this value indicates that the variables audit fee, audit delay, financial distress, audit opinion, and audit tenure have an effect on auditor switching. The results of the research explain that all variables are related to each other so that they have a role in predicting the occurrence of auditor changes in a company.

Effect of the Audit Fee on Auditor Switching
Effects of Audit Fee, Audit Delay, Financial Distress, Audit Opinion and Audit Tenure on Auditor Switching

The results of the analysis of audit fee variable on auditor switching in the company have a coefficient value of -0.024, and the significance value of the variable that is greater than the significance level is 0.193 > 0.05 ($\alpha = 5\%$). This value indicates that the audit fee variable has no significant effect on auditor switching.

The increase in the amount of audit fees has no effect on the occurrence of auditor switching in the company. This research shows that the company maintains auditors who provide results in accordance with company expectations, even though there has been an increase in audit fees from the previous period. High audit fees are followed by quality and performance capabilities that can benefit the company and provide reliable audit results for all interested parties. Audit fees that fail to influence auditor switching are caused by companies think that the Public Accounting Firm or the Public Accountant who audits the company understands and knows the company's performance. The company will also consider that the auditor used the previous year has fulfilled their duties properly and in accordance with the company's expectations (Subiyanto et al., 2022).

The results of this research support previous research by Stevani & Siagian (2020), which stated that the audit fee variable has no significant effect on auditor switching. The results of this study differ from research by Widnyani & Muliartha (2018), which states that audit fees has a significant effect on auditor switching.

Effect of Audit Delay on Auditor Switching

The results of the analysis of audit delay variable for auditor switching in the company have a coefficient value of 0.000 and a significance value of the variable that is greater than the significance level is 0.656 > 0.05 ($\alpha = 5\%$). This value indicates that the audit delay variable has no significant effect on auditor switching.

Audit delay in complete audits or audit delays issued by the auditors has no effect on auditor switching in the company. The company will try to provide an explanation regarding this delay by conveying acceptable reasons so that it does not affect the decision-making of stakeholders in their investment interests. The company will retain its auditor if it obtains results that are in accordance with company want, even if there is a delay in the audit process, and will continue to use audit services that are in accordance with the company's capabilities and quality. The audit delay that failed to influence auditor switching was probably due to the fact that this research sample generally had not passed BAPEPAM's 120-day restriction. If the company changes the auditor, it takes quite a while for the new auditor to understand the client's business situation. Then the delay factor from the client company in submitting the files an paper needed by the auditor also slows down the auditor's performance process in the company audit (Subiyanto et al., 2022).

The results of the research support previous research by Rohmah et al., (2018), which stated that the audit delay variable has no significant effect on auditor switching. The results of this research are different from research by Pawitri & Yadnya (2015), which states that audit delay has a significant effect on auditor switching.
Effect of Financial Distress on Auditor Switching

The results of the analysis of financial distress variable on auditor switching in the company have a coefficient value of 0.006 and a significance value of the variable that is smaller than the significance level is 0.010 <0.05 (α = 5%). This value indicates that the financial distress variable has a significant effect on switching auditors.

Financial difficulties or financial distress that are being experienced by companies have a significant effect on the occurrence of auditor switching. Financial difficulties will affect the change of auditors in order to obtain the desired opinion and audit fees that are in accordance with the company's capabilities. Bankrupt companies are more likely involve an auditor who has high independence to return to give confidence to shareholders and creditors and avoid legal problems (Nasser et al., 2006). Therefore, companies that are in a position of financial crisis tend to change their auditors to obtain appropriate audit results company wishes. The more difficult of the company financial condition, the more often auditor changes, this do to avoid a bad public view of the company.

The research results support previous research by Sima & Badera (2018), which stated that financial distress has a significant effect on auditor switching. The results of this research different from research by Fauziyyah et al., (2019), which states that the financial distress variable has no significant effect on auditor switching.

Effect of Audit Opinion on Auditor Switching

The results of the analysis of the audit opinion variable on auditor switching in the company have a coefficient value of 0.263 and a significance value of the variable that is smaller than the significance level is 0.010 <0.05 (α = 5%). This value indicates that the audit opinion variable has a significant effect on switching auditors.

The results of the audit opinion issued by the auditor have a significant effect on the occurrence of auditor switching. An unqualified opinion is known to be the opinion desired by all companies that audit financial statements. This is because the opinion provides a good image for the company's operations, both in terms of finance and performance. Several audit opinions other than Unqualified received by the company give the view that the company has problems in the company's operational system and provide negative predictions to stakeholders to invest. Therefore, the company will try to stay away from opinions other than the unqualified opinion of the auditor.

The research results support previous research by Wijaya & Rasmini (2015), which stated that audit opinions have a significant effect on auditor switching. The results of this research are different from research by Widnyani & Muliartha (2018), which states that the audit opinion variable has no significant effect on auditor switching.

Effect of Audit Tenure on Auditor Switching

The results of the analysis of the audit tenure variable on auditor switching in the company have a coefficient value of -0.527, and the significance value of the variable is smaller
than the significance level is 0.000 0.05 (\( \alpha = 5\% \)). This value indicates that audit tenure variable has a significant effect against switching auditors.

This engagement relationship or audit tenure experienced by the company has a significant effect on the occurrence of auditor switching. Restrictions on the relationship are made in order to maintain the professionalism of both parties, is the client and the auditor, and not to fulfill personal interests without considering the quality of the audit results obtained. This is the cause of changing auditors, which is often assumed to neutralize a company after a long relationship. A relationship that is too long will create sympathy between the auditor and the client, who will try to resolve each other's personal interests without considering the quality of the audit results obtained.

The research results support previous research by Rohmah et al. (2018), which states that audit tenure have a significant effect on auditor switching. The results of this research different from research by Gultom (2019), which states that audit tenure variable has no significant effect on auditor switching.

**Conclusion**

Based on the results of the research and analysis that have been carried out, several conclusions can be drawn, as follows:

1. The variables audit fee, audit delay, financial distress, audit opinion, and audit tenure have an effect on auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.

2. The variable audit fee has no effect on auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.

3. The variable audit delay has no effect on auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.

4. The variable financial distress has an effect auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.

5. The variable audit opinion has an effect on auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.

6. The audit tenure variable has an effect on auditor switching in Manufacturing Companies in the Food and Beverage sub-sector Listed on the Indonesia Stock Exchange in 2019–2021.
Suggestion

Based on the research conclusions, the authors tried to provide input and considerations in the form of suggestions intended for quality research in the future as follows:

1. Future research can use research objects from other corporate sectors, such as energy, property, and real estate, or financial sector companies, or it can use all companies listed on the Indonesian Stock Exchange to obtain more valid results. This is done to find out the effect of auditor switching on the company.

2. Future research is expected to be able to add other variables that theoretically affect auditor switching, for example, KAP size variables, company growth variables, company reputation variables, and other variables. This is done to see what factors can influence the occurrence of auditor switching from the KAP and company sides.

3. Future research is expected to expand the period of research conducted.

References


Effects of Audit Fee, Audit Delay, Financial Distress, Audit Opinion and Audit Tenure on Auditor Switching


