

Determinants of Auditor Switching: A Study of Non-Cyclic Consumer Sector Food and Beverage Sub-Sector Companies in Indonesia

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Abstract. This study aims to empirically examine the influence of audit opinion, financial distress, audit delay, management change, and audit quality on auditor switching, with firm size used as a control variable. The sample consists of manufacturing companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange during the 2022–2024 period. This research uses secondary data and includes 71 companies with a total of 213 observational data points. Tabulated using Microsoft Excel and the technical stage of data analysis was carried out using the SPSS statistical test tool. The results indicate that audit delay and management change have a positive influence on auditor switching. Meanwhile, audit opinion, financial distress, and audit quality are found to have no significant effect on auditor switching.

Keywords: Auditor Switching, Audit Opinion, Financial Distress, Audit Delay, Audit Quality.

1 INTRODUCTION

Financial statements are a form of accountability for a company's financial performance and play an important role as the basis for decision-making (1). According to Arisanti, in order to improve the quality of financial reporting performance, an examination by an independent and impartial auditor is required one who is neutral toward both the internal and external parties of the company (2). A long-term relationship between a company and a single Public Accounting Firm (KAP) may reduce auditor independence, as it can potentially create a special relationship between the KAP and the audited company (3). The government has established several regulations governing mandatory auditor rotation. In 2017, the Financial Services Authority (OJK) introduced a new regulation through OJK Regulation (POJK) No. 13/POJK.03/2017. Article 16, Chapter VI states that entities in the financial services sector must limit the use of the same public accountant for auditing annual historical financial statements to a maximum of three consecutive years.

Various incidents have raised concerns that long-term audit engagements may create comfort that threatens auditor independence (1). Several public accountants (AP) and public accounting firms (KAP) have had their licenses revoked due to violations or issues found in the financial statements they audited. The following are examples of AP and KAP sanctioned by OJK and the Ministry of Finance.

Several audit firms and public accountants have received sanctions from OJK and the Ministry of Finance due to violations identified in their audited financial statements. In 2018, OJK imposed administrative sanctions in the form of deregistration on Public Accountants Marlinna and Merliyana Syamsul, as well as KAP Satrio, Bing, Eny & Partners, following an investigation into PT Sunprima Nusantara Pembiayaan (SNP Finance). The investigation revealed significant discrepancies between the company's reported financial statements and its actual financial condition, resulting in substantial losses for various parties. Furthermore, in 2019, the Ministry of Finance sanctioned Public Accountant Kasner Sirumapea and KAP Tanubrata, Sutanto, Fahmi, Bambang & Partners, who audited the 2018 financial statements of PT Garuda Indonesia (Persero) Tbk and its subsidiaries. The sanctions included a 12-month license suspension for Kasner Sirumapea due to major violations that could significantly affect the Independent Auditor's Report, as well as a written warning and mandatory improvements to the firm's Quality Control System, subject to review by BDO International Limited. In the same year, OJK also imposed a one-year suspension of the Registration Certificate (STTD) for Sherly Jokom, a partner accountant at KAP Purwantono, Sungkoro & Surja part of Ernst & Young Global Limited following findings related to the PT Hanson International Tbk case, in which the company was fined Rp 5.6 billion for misstatements in its 2016 annual financial statements.

Tiga Pilar dan Drama Penggelembungan Dana. A case also emerged in a manufacturing company in the food and beverage subsector PT Tiga Pilar Sejahtera Food Tbk (AISA). In 2017, allegations of fund misappropriation were reported. According to a Fact-Based Investigation Report by PT Ernst & Young Indonesia (EY) dated March 12, 2019, the suspected inflation occurred in accounts receivable, inventory, and fixed assets. EY discovered that the former management inflated funds by Rp 4 trillion, recorded fictitious revenues of Rp 662 billion, and overstated EBITDA by Rp 329 billion. Another finding was the flow of Rp 1.78 trillion through various schemes to parties allegedly affiliated with the former management. EY also noted inadequate disclosures related to affiliated transactions, potentially violating the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) Decree No. KEP-412/BL/2009. The audit was conducted by KAP Amir Abadi Jusuf, Aryanto, Mawar & Partners, part of the RSM International network.

Clients may decide to change auditors to ensure that the audit report is prepared according to applicable accounting standards. Voluntary auditor switching is influenced by several motivating factors. One such factor is the

audit opinion, which represents the auditor's assessment of the fairness of a company's financial statements. Their study found that audit opinion has a significant negative effect on auditor switching. However, Deliana et al. reported different results, concluding that audit opinion has no impact on auditor switching (4).

Another factor influencing auditor switching is financial distress. A company is considered to be in financial distress when it experiences recurring losses, rising debt, delayed payments, salary arrears, or low liquidity (5). Under such conditions, companies tend to switch auditors. However, Naili & Primasari found that financial distress does not affect auditor switching (3), whereas Darmayanti et al. concluded the opposite, stating that financial distress has a significant negative effect on auditor switching (6).

Audit delay defined as the time taken to complete the audit from the fiscal year-end to the issuance of the audit report, may also influence auditor switching. Delayed audits may create negative perceptions among investors, as they can be seen as an indication of internal issues, potentially impacting stock index movements. Widjantie & Dewi found that audit delay does not affect auditor switching (7). Conversely, Rini reported that audit delay has a positive and significant effect on switching decisions (8). Management change, which occurs when company directors are replaced either through shareholder decisions or voluntary resignation can also influence auditor switching. Rini found that management change has a significant negative effect on auditor switching (8). However, a study by Almanisa et al. concluded that it has no impact on auditor switching (9).

Audit quality is an essential aspect that reflects the ability of a public accountant to conduct audits consistently in accordance with professional standards and regulations (10). It refers to the likelihood that an auditor will detect and report negligence, errors, or irregularities in the client's accounting system. Grace et al. found that audit quality does not affect auditor switching (11). This study also includes firm size as a control variable. Firm size refers to the scale of an entity, typically measured by total assets over a given period. Control variables must be held constant to prevent external influences from interfering with the relationship between independent and dependent variables. Previous research by Vilantika found that firm size has a positive effect on auditor switching (12).

2 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 LITERATURE REVIEW

Agency Theory

Agency theory, as explained by Jensen and Meckling, describes the relationship between agents and principals that arises due to conflicts of interest caused by information asymmetry (13). Agents are parties authorized to manage the company, such as management, while principals are those who enter into contracts, such as shareholders (14). Information asymmetry occurs when company management (agents) possess more information than principals (shareholders).

This conflict of interest creates the need for independent auditors (15). The appointment and replacement of independent auditors represent forms of authority delegated by principals to agents. Generally, newly appointed management tends to select auditors whose policies and preferences align with their own. One of management's primary goals is to obtain an unqualified audit opinion, as this opinion influences external stakeholders' perception of management performance. To maintain shareholder confidence, management often opts for voluntary auditor switching. This becomes even more relevant when a company is under financial pressure (financial distress), as management may replace auditors to improve the company's image and prevent potential bankruptcy that could damage the company's reputation (9).

Timely audit implementation plays a crucial role in supporting better decision-making by financial report users and contributes to minimizing information asymmetry between agents and principals (3). If audit delay becomes excessive, the relevance of the information decreases, ultimately affecting shareholders' decisions. To avoid these adverse effects, agents may consider switching auditors.

In the business environment, management changes are often followed by policy changes, giving new management the authority to select a more competent public accounting firm (16). If the General Meeting of Shareholders (GMS) decides to make changes, auditor switching may occur as a consequence of new policies implemented by company management. In an effort to gain trust from principals and external parties, management strives to demonstrate accountability through financial reporting. The auditor's diligence in identifying errors within the accounting system and reporting these findings contributes to the presentation of accurate, high-quality information.

Auditor Switching

Auditor switching refers to the process of changing the auditor or Public Accounting Firm (KAP) responsible for examining a company's financial statements. This decision is crucial for client companies because it directly affects the party responsible for ensuring the credibility of their financial reports and enhancing independence for both the auditor and the client (4). Generally, auditor switching consists of two types: mandatory and voluntary.

Audit Opinion

An audit opinion is a professional statement issued by an auditor assessing whether the financial statements are fairly presented in accordance with generally accepted accounting principles (8). As noted by Deliana a fair audit opinion aims to strengthen stakeholders' trust (4). Based on this understanding, an audit opinion can be defined as the auditor's fair judgment on the company's financial statements, which management may use to enhance stakeholders' confidence.

Financial Distress

Financial distress occurs when a company faces severe financial pressure that disrupts its operational stability (17). Financial distress refers to a financial instability condition that poses a high risk of bankruptcy . Companies experiencing financial distress often exhibit characteristics such as employee layoffs, inability to pay dividends, and insufficient cash flow to meet long-term obligations. To improve their image and restore stakeholder confidence, distressed companies tend to replace their existing auditors with those perceived to have higher independence and audit quality.

Audit Delay

Audit delay is the time required by an auditor to complete the audit process, measured from the closing date of the fiscal year to the issuance date of the signed audit opinion (18). Audit delay may cause late submission of financial reports to BAPEPAM-LK, which in turn affects the timing of financial report publication. Because audit delay significantly impacts investment decisions given that investors require timely and reliable information companies may be motivated to switch auditors.

Management Change

Management change refers to the replacement of board members within a company (17). This change often triggers shifts in company policies implemented by the new directors. As stated by Ridhasyah et al. management change is frequently accompanied by policy adjustments that may lead to auditor switching to ensure alignment with the new direction of the company (19).

Audit Quality

Audit quality is reflected in an auditor's ability to detect and report irregularities in a company's financial statements (20). An auditor's likelihood of detecting and disclosing irregularities largely depends on their technical competence and the independence of the audit firm (21). Companies typically switch Public Accounting Firms (KAP) to obtain higher-quality audit results.

Firm Size

Firm size is measured based on total assets, indicating whether a company is large or small (22). Larger firms face greater challenges in monitoring managerial activities and thus require highly independent public accounting firms that match the company's scale. Large companies tend to retain their existing audit firms, reducing the likelihood of auditor switching.

Conceptual Framework

The conceptual framework is designed to describe the relationship between independent variables and the dependent variable, taking into account the presence of a control variable. The independent variables in this study include audit opinion, financial distress, audit delay, management change, and audit quality. The dependent variable is auditor switching, while firm size functions as a control variable. The conceptual framework presented below serves as the foundation for conducting this research.

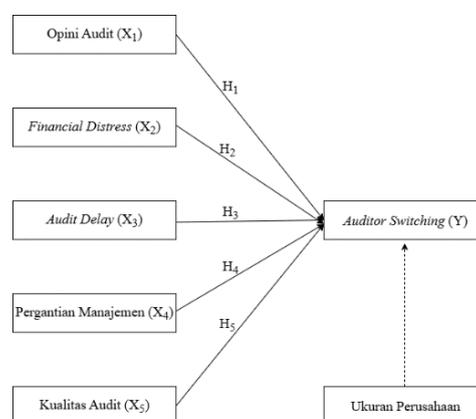


Figure 2.1 Framework of Thinking

2.2 Hypothesis Development

Effect of Audit Opinion on Auditor Switching

Within the framework of agency theory, independent auditors serve as third parties who bridge the interests of agents and principals to ensure that managerial actions align with the company's objectives. An unfavorable audit opinion is often perceived as an indication of governance issues, prompting management to engage in auditor switching in order to restore the company's image and enhance the accountability of its financial reporting (23). The decision to replace auditors is therefore not only a matter of regulatory compliance but also a strategic effort to maintain organizational legitimacy in the eyes of the public and capital markets. Based on this explanation, the first hypothesis is formulated as follows

H1: Audit opinion has a significant positive effect on auditor switching.

Effect of Financial Distress on Auditor Switching

According to agency theory, agency costs are influenced by principals depending on the intensity of the audit performed on the company's financial statements (24). When a firm experiences financial distress, its ability to bear audit fees becomes limited, potentially affecting its decision to replace auditors. Studies by Widajantie & Dewi demonstrate that financial distress has a negative effect on auditor switching (7). This is indicated by a negative coefficient showing that the more severe the financial distress, the lower the likelihood of auditor switching. Based on this reasoning, the second hypothesis is proposed as follows.

H2: Financial distress has a significant negative effect on auditor switching.

Effect of Audit Delay on Auditor Switching

Audit delay increases agency costs because principals must wait longer to receive accurate information regarding the company's performance. Delays in audit completion create negative perceptions in the market and raise suspicions of potential issues in the financial statements (25). Consequently, companies may switch auditors to signal their commitment to improving financial reporting quality and public credibility. Based on this explanation, the third hypothesis is formulated as follows:

H3: Audit delay has a significant positive effect on auditor switching.

Effect of Management Change on Auditor Switching

Management changes often require alignment with auditors who better fit the company's strategic direction and future vision. Auditor switching is therefore used by new management to enhance stakeholder trust and strengthen monitoring effectiveness. Studies indicate that management changes have a positive effect on auditor switching, as shown in the findings of (15). Based on these findings, the fourth hypothesis is formulated as follows:

H4: Management change has a significant positive effect on auditor switching.

Effect of Audit Quality on Auditor Switching

To maintain a strong reputation, companies tend to select auditors with high credibility. When audit quality is perceived as low, companies may replace their auditors to improve the reliability of financial reporting, such as by engaging Public Accounting Firms (KAP) affiliated with the Big Four (26). Research indicates that audit quality influences the decision to switch auditors, as evidenced by findings from Audina (27). Based on these findings, the fifth hypothesis is formulated as follows:

H5: Audit quality has a significant positive effect on auditor switching.

Firm Size as a Control Variable Affecting Auditor Switching

Firm size not only serves as a control variable but also acts as a strategic factor that shapes the relationship between companies and auditors. Larger firms tend to be more selective in choosing auditors who can address broader and more complex audit needs (28). Firm size is reflected by the level of total assets, and the auditor's capacity must be aligned with the scale of the client (20). Studies reveal that larger firms are more likely to switch auditors voluntarily, as shown in the findings of Purwana(29). Based on this evidence, the following hypothesis is proposed:

H6: Firm size has a significant positive effect on auditor switching.

3 RESEARCH METHODS

Population and Sample

A population refers to a group of objects or subjects that possess specific characteristics and attributes, as stated by Sugiyono (30). In this study, the population consists of all manufacturing companies in the non-cyclical consumer goods subsector listed on the Indonesia Stock Exchange (IDX), with an observation period of three years, from 2022 to 2024. The sample, on the other hand, is a subset of the population selected as the source of data, and it must represent the characteristics of the population as a whole (30). The sampling criteria applied in this study are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024.
2. Companies that publish comprehensive and informative annual and financial reports containing all required variables for the period 2022–2024.
3. Companies whose financial statements are not presented in Indonesian Rupiah.

Types and Sources of Data

This study uses secondary data obtained from the annual financial reports of companies in the non-cyclical consumer goods subsector, particularly the food and beverage segment, for the period 2022 to 2024.

Data Collection Method

The data collection method employed in this study includes documentation and literature review. This technique involves systematically recording various information contained in the financial statements of food and beverage companies categorized as non-cyclicals. The data analyzed were sourced from the official website of the Indonesia Stock Exchange (www.idx.co.id) as well as the official websites of the respective companies, covering a three-year period from 2022 to 2024. The annual report is presented in nominal rupiah form which is then tabulated using Microsoft Excel. After that, the technical stage of data analysis was carried out using the SPSS statistical test tool.

Data Analysis Method

1. **Descriptive Statistical Analysis**
2. **Logistic Regression Analysis**
 - a. Overall Model Fit
 - b. Goodness-of-Fit Test
 - c. Coefficient of Determination (Nagelkerke's R Square)
 - d. Hypothesis Testing

4 RESULTS AND DISCUSSION

4.1 Descriptive Statistical Test Results

The following table presents the results of the descriptive statistical test, providing an initial overview of the dataset by summarizing the minimum, maximum, mean, and standard deviation of each research variable. These descriptive values offer a general understanding of the distribution and characteristics of the variables before further statistical analysis is conducted.

Table 1. Descriptive Statistic

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Opini Audit	213	0,00	1,00	0,80	0,39
Financial Distress	213	0,10	6,40	1,01	1,00
Audit Delay	213	37,00	160,00	83,00	21,18
Management Change	213	0,00	1,00	0,32	0,46
Kualitas Audit	213	0,00	1,00	0,40	0,49
Company Size	213	20,31	32,84	28,92	1,91
Auditor Switching	213	.00	1,00	0,07	0,25
Valid N (listwise)	213				

Source: Data processed by researchers, 2025

Descriptive Statistics of Audit Opinion

The average value of the Audit Opinion variable is 0.80, indicating that most manufacturing companies in the consumer non-cyclicals sector included in the sample obtained an unqualified audit opinion. The maximum value of 1.00 and the minimum value of 0.00 show that during the observation period (2022–2024), there were companies that did not receive an unqualified audit opinion.

Descriptive Statistics of Financial Distress

The descriptive statistical results for financial distress show an average value of 1.01, suggesting that most manufacturing companies in the consumer non-cyclicals sector were in a stable financial condition. The maximum Debt to Equity Ratio (DER) recorded is 6.40, while the minimum is 0.10, indicating that some companies maintained good financial stability with a balanced proportion of debt and equity (31).

Descriptive Statistics of Audit Delay

The descriptive statistics of audit delay show an average value of 83.00 days. This indicates that, on average, manufacturing companies in the consumer non-cyclicals sector required 83 days to complete their audit processes

during the period 2021–2024. The maximum audit delay recorded is 160.00 days, while the minimum is 37.00 days. The standard deviation is 21.18, with a total of 213 observations included in the analysis.

Descriptive Statistics of Management Change

The descriptive statistics reveal an average value of 0.32 for the Management Change variable, indicating that most companies in this sector did not experience management changes during the observation period. The maximum value of 1.00 shows that some companies did experience management changes, while the minimum value of 0.00 indicates no management changes in others. The standard deviation for this variable is 0.46.

Descriptive Statistics of Audit Quality

The average value of Audit Quality is 0.40. The maximum value of 1.00 indicates the presence of companies audited by reputable Big Four audit firms, while the minimum value of 0.00 indicates companies that used non-Big Four auditors during the observation period.

Descriptive Statistics of Firm Size

The descriptive statistical results show an average firm size value of 28.92, indicating that manufacturing companies in the consumer non-cyclicals sector generally have relatively large total assets. The maximum value recorded is 32.00, while the minimum is 20.31. The standard deviation for firm size is 1.91, with a total sample of 213 observations analyzed.

Descriptive Statistics of Auditor Switching

The average value of Auditor Switching among manufacturing companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange for the period 2022–2024 is 0.07. This indicates that most companies did not perform auditor switching during the observation period. The maximum value of 1.00 shows that some companies did change their auditors, while the minimum value of 0.00 indicates no auditor switching occurred. The standard deviation for this variable is 0.25, based on a total of 213 observations.

4.2 Data Analysis and Testing Results

Model Fit Test and Overall Model Evaluation

To assess whether the logistic regression model adequately represents the relationship between the independent variables and the dependent variable, a series of model fit tests were conducted. These tests aim to evaluate the overall suitability of the model, determine how well the proposed regression structure aligns with the observed data, and ensure that the model is appropriate for further hypothesis testing and interpretation.

Table 2. -2 Log Likelihood Results

Step 0	108,515
Step 1	73,174

Source: Processed data, 2025

Based on the table above, the -2 Log Likelihood value at Step 0 is 108.515, and it decreases to 73.174 at Step 1. This reduction indicates that the overall regression model hypothesized in the research fits the data well.

Tble 3. Omnibus Test of Model Coefficients

	<i>Chi-square</i>	<i>df</i>	<i>Sig.</i>
<i>Step 1 – Step</i>	35.341	6	0.000
<i>Block</i>	35.341	6	0.000
<i>Model</i>	35.341	6	0.000

Source: Processed data, 2025

The Omnibus Test of Model Coefficients shows a chi-square value of 35.341 with a significance level of 0.000, which is below 0.05 ($0.000 < 0.05$). This indicates that the independent variables jointly have a statistically significant influence on the dependent variable.

Model Feasibility Test

The Model Feasibility Test was conducted to determine whether the logistic regression model is appropriate and capable of explaining the relationship between the variables under study. This test evaluates the degree to which the model aligns with the observed data, ensuring that the regression structure is statistically acceptable and suitable for further analytical procedures.

Table 4. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	8.290	8	0.406

Source: Processed data, 2025

The Hosmer–Lemeshow Test yields a chi-square value of 8.290 with a significance level of 0.406, which is greater than 0.05 ($0.406 > 0.05$). Therefore, H_0 is accepted, indicating that the regression model is feasible and appropriate for further analysis.

Coefficient of Determination

The Coefficient of Determination test was performed to measure the extent to which the independent variables collectively explain the variability of the dependent variable within the logistic regression model. This indicator provides insight into the model’s explanatory power, showing how well the selected predictors account for changes in the outcome being examined.

Table 5. Model Summary

Step	-2 Log Likelihood	Cox & Snell R^2	Nagelkerke R^2
1	73.174	0.153	0.383

Source: Processed data, 2025

The Nagelkerke R Square value is 0.383 (38.3%), indicating that the independent variables collectively explain 38.3% of the variance in the dependent variable (Auditor Switching). The remaining 61.7% is explained by factors not included in the model.

Table 6. Classification Table

Observed	Predicted: No Switch	Predicted: Switch	Percentage Correct
No Auditor Switching	196	2	99.0%
Auditor Switching	12	3	20.0%
Overall Percentage			93.4%

Source: Processed data, 2025

The table shows that 208 samples were predicted not to experience auditor switching, but after observation, 196 samples (93.3%) were correctly classified. Meanwhile, five samples were predicted to switch auditors, but only two (3.33%) were correctly classified. Overall, 198 out of 213 samples (93.4%) were accurately predicted by the regression model. A high classification percentage indicates that there is no substantial difference between predicted and observed values, demonstrating strong predictive accuracy of the model.

Hypothesis Testing

Hypothesis testing was carried out to determine the significance of each independent variable in influencing the dependent variable within the logistic regression model. This stage evaluates whether the proposed relationships in the research framework are statistically supported by the data, allowing for conclusions regarding the acceptance or rejection of each research hypothesis.

Table 7. Significance Test Without Control Variables

Variable	B	S.E.	Wald	df	Sig.	Exp(B)
Audit Opinion	0.569	0.892	0.408	1	0.523	1.767
Financial Distress	-0.743	0.483	2.371	1	0.124	0.476
Audit Delay	0.051	0.016	10.121	1	0.001	1.052
Managerial Change	2.225	0.713	9.729	1	0.002	9.257
Audit Quality	-1.279	0.750	2.910	1	0.088	0.278
Constant	-7.753	1.722	20.266	1	0.000	0.000

Table 8. Significance Test With Control Variables

<i>Variable</i>	<i>B</i>	<i>S.E.</i>	<i>Wald</i>	<i>df</i>	<i>Sig.</i>	<i>Exp(B)</i>
<i>Audit Opinion</i>	0.400	0.889	0.203	1	0.653	1.492
<i>DER</i>	-0.668	0.490	1.861	1	0.173	0.513
<i>Audit Delay</i>	0.047	0.016	8.848	1	0.003	1.049
<i>Managerial Change</i>	2.148	0.711	9.126	1	0.003	8.566
<i>Audit Quality</i>	-1.189	0.780	2.325	1	0.127	0.758
<i>Firm Size</i>	-0.278	0.213	1.696	1	0.193	0.758
<i>Constant</i>	0.557	6.361	0.008	1	0.930	1.746

Source: Processed data, 2025

4.3 Discussion

The Effect of Audit Opinion on Auditor Switching

The study results indicate that audit opinion does not have a significant effect on auditor switching. This is supported by the Wald test, which shows a significance value of 0.653 greater than the 5 percent threshold ($0.653 > 0.05$). Consequently, the first hypothesis is rejected, confirming that there is no relationship between audit opinion and auditor switching. These results are in line with previous empirical studies, such as those conducted by Widajantie and Dewi (7) and Elisabeth et al., (31) which similarly found that audit opinion does not influence a company's decision to switch auditors. An audit opinion is a statement issued by an auditor regarding the fairness of a company's financial statements in accordance with applicable accounting standards (8). In this study, the audit opinion variable does not show a significant effect on auditor switching. This outcome may be attributed to the fact that most of the companies in the sample received an unqualified (clean) audit opinion, resulting in relatively few companies opting to change auditors.

Descriptive analysis shows that the average audit opinion score for manufacturing companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange during 2022–2024 was 0.8028, indicating that the majority of companies received unqualified opinions. These results imply that favorable audit opinions may reduce the motivation for companies to switch auditors, as a clean opinion reflects satisfactory reporting quality and reduces the perceived need for auditor replacement. Furthermore, supporting evidence shows that not all companies receiving a qualified audit opinion decide to switch auditors (4). This suggests that the decision to change auditors is influenced by factors beyond the type of audit opinion alone, such as audit costs, managerial preferences, or long-term auditor–client relationships.

The Effect of Financial Distress on Auditor Switching

The results of the study indicate that financial distress has no effect on auditor switching. This is supported by the Wald test, which shows a significance value of 0.983, higher than the 5 percent threshold ($0.983 > 0.05$), confirming that there is no statistically significant relationship between financial distress and the likelihood of auditor switching. These findings are consistent with previous research, such as Almanisa et al. (9), which also found that financial distress does not influence a company's decision to change auditors. Financial distress refers to a condition in which a company faces financial difficulties or an inability to meet its financial obligations (17). Firms experiencing financial distress tend to retain their incumbent auditors because the auditors already possess sufficient knowledge of the company's financial condition. Maintaining the same auditor allows the audit process to run more efficiently and helps reduce additional agency costs typically associated with switching auditors.

The descriptive results further reveal that 16 companies experienced financial distress but did not switch auditors, reflected in the average financial distress value of 1.01. This suggests that most manufacturing companies in the consumer non-cyclicals sector were in relatively stable financial condition, as the average ratio was close to 1. Some companies experiencing financial distress but still switching auditors included PT Jaya Agra Wattie Tbk, which recorded a DER of 2.5. Conversely, several companies that were not experiencing financial distress nonetheless changed auditors, such as PT Wismilak Inti Makmur Tbk (DER 0.4) and PT Delta Jakarta Tbk (DER 0.26). Overall, these findings reinforce the conclusion that financial distress does not play a significant role in influencing auditor switching decisions. Factors other than financial condition appear to be more dominant in driving companies' decisions to replace their auditors.

The Effect of Audit Delay on Auditor Switching

The findings demonstrate that audit delay has a significant positive effect on auditor switching. This is supported by the Wald test, which yields a significance value of 0.003 below the 5 percent significance level ($0.003 < 0.05$) along with a coefficient of 0.047. These results confirm a statistically significant positive association

between audit delay and the likelihood of switching auditors. The conclusion is consistent with earlier empirical studies that likewise identified audit delay as a factor increasing the probability of auditor switching (8).

Audit delay represents the time span required for auditors to finalize their examination of a company's financial statements, calculated from the end of the fiscal year up to the date the audit report is issued (18). Extended delays may create unfavorable perceptions among investors, signaling possible operational or internal control issues within the company. To mitigate reputational risks arising from such delays, firms may opt to replace their auditors in pursuit of more efficient or responsive audit services (3). These findings also align with agency theory, which posits that auditor switching can serve as a mechanism to reduce agency conflicts and information asymmetry between management and stakeholders. Descriptive analysis further reveals that some companies experienced audit delays of up to 160 days, indicating substantial delays in audit completion that may reinforce the likelihood of auditor switching.

The Effect of Management Change on Auditor Switching

The results show that management change has a significant positive effect on auditor switching. This conclusion is supported by the Wald test, which produces a significance value of 0.003 ($0.003 < 0.05$) and a coefficient of 2.205, indicating a statistically significant positive relationship between management change and the likelihood of switching auditors. These findings are consistent with prior empirical evidence demonstrating that management change significantly influences auditor switching, as reported by Klarasati et al. (15).

From the perspective of agency theory, changes in management can create friction between agents and principals, particularly when newly appointed directors introduce different strategic directions. To mitigate potential conflicts and establish a new foundation of trust, incoming management may prefer to engage an auditor who is perceived as more aligned with their updated policies. Management change encompasses shifts within the company's board of directors (17), which frequently lead to revisions in corporate policies. Such policy changes can motivate firms to replace their auditors. Additionally, management transitions often involve adjustments in strategic priorities, prompting companies to appoint an auditor who supports their new direction a point also emphasized in prior research (19). Descriptive statistics further reveal that the average management change score is 0.3239, indicating that approximately 32 percent of the firms in the sample experienced changes in management. This proportion reinforces the notion that management turnover may increase the likelihood of auditor switching.

The Effect of Audit Quality on Auditor Switching

The results indicate that audit quality has no effect on auditor switching. This conclusion is supported by the Wald test, which reports a significance value of 0.127 exceeding the 5 percent threshold ($0.127 > 0.05$) thus leading to the rejection of the proposed hypothesis. This outcome aligns with earlier empirical studies demonstrating that audit quality does not play a role in driving auditor changes (11).

Sustained engagement between a company and its auditor often fosters a strong level of trust, encouraging firms to retain auditors who already possess an in-depth understanding of their operations. Moreover, replacing auditors typically entails a complex transition period in which the new auditor must undergo a learning phase, potentially diminishing audit quality during the adjustment process (11). Descriptive statistics further reveal that the mean audit quality score is 0.4085, suggesting that approximately 40 percent of the companies employed high-quality auditors. This relatively high level of audit quality may also contribute to the low tendency of firms to switch auditors.

Firm Size as a Control Variable on Auditor Switching

The findings indicate that firm size, which serves as the control variable in this study, does not affect the likelihood of auditor switching. This conclusion is supported by the significance value of 0.193 exceeding the 5 percent threshold ($0.193 > 0.05$) thereby leading to the rejection of the hypothesis. This result is consistent with earlier research showing that firm size has no meaningful impact on auditor switching (14).

Furthermore, the Wald test results demonstrate that firm size weakens the relationship between each independent variable and auditor switching. This is evidenced by the increase in significance values after the inclusion of the control variable for all predictors examined namely audit opinion, financial distress, audit delay, management change, and audit quality. Accordingly, firm size functions as a moderating variable that reduces the strength of the effects of these independent variables on auditor switching (32); (33).

5 CONCLUSION.

Based on the results of the data analysis, it can be concluded that audit opinion, financial distress, audit delay, management change, and audit quality have varying degrees of influence on auditor switching, with firm size serving as a control variable. This study was conducted on manufacturing companies in the consumer non-cyclicals subsector listed on the Indonesia Stock Exchange during the period 2022–2024. The following are the conclusions derived from the logistic regression analysis processed using SPSS:

1. Audit opinion does not influence auditor switching among manufacturing companies in the consumer non-

cyclicals sector listed on the Indonesia Stock Exchange during 2022–2024. This finding is supported by the non-significant statistical relationship shown by the audit opinion variable.

2. Financial distress, measured using the Debt-to-Equity Ratio (DER), does not affect auditor switching. The analysis shows that the financial distress variable does not exhibit a statistically significant relationship with auditor switching.
3. Audit delay has a positive and significant effect on auditor switching. This result is evident from the significant coefficient of the audit delay variable. Longer audit delays may cause delays in the publication of financial statements, potentially generating negative perceptions among investors. In such conditions, companies may be more likely to replace their auditors.
4. Management change has a positive and significant effect on auditor switching. This finding is supported by the significant coefficient of the management change variable. A change in management is often followed by substantial policy adjustments; therefore, companies may prefer to appoint auditors who are more aligned with new managerial directions.
5. Audit quality does not influence auditor switching. The results indicate that the audit quality variable does not show a statistically significant effect on the likelihood of auditor changes within the studied companies.
6. Firm size does not affect auditor switching, as measured by total assets. This indicates that the scale of the company does not play a determining role in decisions related to auditor replacement within the consumer non-cyclicals manufacturing sector during 2022–2024.

For further research with the same research topic, it is hoped that we can analyze the factors that influence companies to carry out auditor switching using other variables such as leverage, company growth, managerial ownership and profitability.

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