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Original Research Article

The Effect of Audit Opinion, Company Size, and Financial Distress on Auditor Switching (Empirical Study on Financial Companies Listed on the Indonesia Stock Exchange (IDX) in 2021-2023)

Ria Mita Hatul Huda[1], Muhammad Laras Widyanto[2]*, Sri Kurniawati[3]

[1,2]Universitas Mercu Buana
[3]Universitas Persada Indonesia YAI

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Abstract: This study aims to analyze the effect of audit opinion, company size and financial distress on auditor switching in financial companies that go public and are listed on the Indonesia Stock Exchange (IDX). This study uses a quantitative approach with secondary data obtained from the company's annual financial reports available on the official IDX website for the period 2021-2023. The research sample was selected using a purposive sampling technique, resulting in 95 companies with a total of 279 observation data. Data analysis was carried out using logistic regression with the help of SPSS 25 software. The results of the study indicate that audit opinion has no effect on auditor switching, while company size has a positive effect on auditor switching, and financial distress has a negative effect on auditor switching.

Keywords: Audit Opinion, Company Size, financial distress, Auditor Switching.

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INTRODUCTION

Financial statements are reports that describe a company's financial condition and performance over a specific period. This information is essential for various stakeholders, including investors, employees, creditors, the government, and the public. Financial statements are prepared by company accountants in accordance with standards set out in PSAK No.01 IAI (2022) and must be created independently to prevent fraud.

The author identified a phenomenon reported by CNBC Indonesia in 2020 regarding auditor switching by PT Asuransi Jiwasraya (Persero), which replaced PricewaterhouseCoopers (PwC) with Kanaka Puradiredja, Suhartono, Tatad & Partners (KPST) in 2018. This switch contributed to a major financial scandal, where Jiwasraya failed to pay maturing insurance claims, invested in underperforming companies, and ultimately caused state losses amounting to IDR 16.8 trillion. This case highlights the importance of transparency and auditor independence in maintaining public trust.

One effort to uphold audit quality is through auditor rotation, which leads to what is known as Auditor Switching—the replacement of the Public Accounting Firm (KAP). Auditor switching is divided into two types: mandatory and voluntary. Mandatory auditor switching is regulated under POJK No. 9 of 2023, which requires auditor rotation after seven consecutive years, with a cooling-off period before re-engagement. The purpose of this regulation is to reduce conflicts of interest and enhance audit quality.

Meanwhile, voluntary auditor switching occurs at the company's discretion, often due to disagreements over financial statements, auditor opinions, company size, or financial distress. Several factors influence auditor switching, including:

Audit Opinion, an audit opinion is a statement issued by auditors regarding the fairness of a company's financial statements. Some studies (Aini & Yahya, 2019; Fenny, 2020; Azlin & Taqwa, 2023) have found that audit opinions affect auditor switching, while other studies (Tjahjono & Khairunissa, 2021) suggest otherwise. Company Size, Large companies tend to select reputable auditors to maintain audit quality (Julius Irfan & Herliansyah, 2019). However, findings on the impact of company size on auditor switching have been mixed. Financial Distress, Companies experiencing financial difficulties are generally more cautious in choosing auditors. Some studies indicate that financial

***Corresponding Author:** Muhammad Laras Widyanto
Universitas Mercu Buana

distress influences auditor switching, while others report no significant effect.

Based on this background, the title of this research is:"The Effect of Audit Opinion, Company Size, and Financial Distress on Auditor Switching" (Case Study on Financial Companies Listed on the Indonesia Stock Exchange for the Years 2021-2023).

LITERATURE REVIEW

Agency Theory

The initial research on agency theory was introduced by Jensen & Meckling in their article titled "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." This theory focuses on the relationship between owners (principals) and managers (agents) within a company, as well as the issues that arise due to conflicting interests between them. This agency relationship occurs when one or more individuals (principals) hire another person (agent) to provide services and delegate decision-making authority. When management functions are separated from ownership, agency conflicts can emerge. There is a conflict of interest between the agent and the principal because management may not always act in accordance with the owner's wishes. Information between the agent and principal is asymmetric; agents typically have more detailed knowledge about the company's day-to-day operations compared to the principals.

According to Agency Theory, agents are responsible for managing and making decisions for the company on behalf of the principals. The agents' financial statements must be audited by an independent auditor. The presence of an independent auditor is crucial to mitigate agency problems, as they act as a neutral third party ensuring that the agents' financial statements fairly and accurately reflect the company's financial position and operating results (Jensen & Meckling, 1976). Agency theory helps explain why companies engage in auditor switching. Auditors serve as independent parties that help reduce information asymmetry between management (agents) and shareholders (principals) by providing objective opinions on financial statements. However, companies often change their auditors for various reasons, such as disagreements over audit opinions, efforts to obtain more favorable opinions, or pressure from shareholders.

Auditor Switching

Auditor switching refers to the change of an auditor or public accounting firm (PAF), which is categorized into mandatory and voluntary switching. Mandatory auditor switching occurs due to regulatory requirements aimed at maintaining auditor independence, as stipulated in POJK No. 9 of 2023, which limits the engagement of auditors by commercial banks, issuers, and public companies to a maximum of seven consecutive years, followed by a cooling-off period depending on the auditor's role. Meanwhile, voluntary auditor switching is carried out at the company's own initiative before the engagement period ends, often due to reasons such as efficiency or dissatisfaction, as explained by Octarisa *et al*. (2024). In this study, a dummy variable is used to measure auditor switching, defined as follows:

1 = Auditor Switching Occurred

0 = No Auditor Switching Occurred.

Audit Opinion

According to Arum (2018), forming an audit opinion is the final step in the audit process and must ensure that the financial statements comply with the applicable reporting framework. Referring to SA 700.6, the auditor's objectives at this stage are to express an opinion based on audit evidence and to present it clearly in a written report. The independent auditor's report typically includes leadership responsibilities, the auditor's duties, the financial reporting framework, and the audit opinion. Based on SA 700 (2021) and SA 705 (2021), the types of audit opinions are: unqualified opinion, when financial statements are fairly presented without exceptions; qualified opinion, when misstatements are material but not pervasive; adverse opinion, when misstatements are both material and pervasive; and disclaimer of opinion, when the auditor lacks sufficient evidence to form an opinion. The audit opinion is measured using a dummy variable as follows:

1 = Unqualified Opinion

0 = Other Than Unqualified Opinion.

Company Firm

Atang & Nagian (2021:31) state that company size is generally classified into large, medium, and small categories, typically measured by total assets, log size, or market value of shares. Company size serves as an indicator of financial structure and affects a company's ability to secure funding from capital markets and its bargaining power. Large companies usually have more financing options and can obtain more favorable terms compared to smaller firms. Total assets and net sales are commonly used to measure company size—the higher these figures, the larger the company. Company size can be calculated by taking the natural logarithm of its total assets, using the following formula:

Company Size = Ln (Total Assets).

Financial Distress

Thomas (2023:19) explains that a company experiencing financial difficulties is known to be in a financial crisis, which refers to the stage where the company incurs financial losses before liquidation or bankruptcy. The inability of a company to meet its obligations, especially short-term liabilities related to liquidity and solvency, marks the onset of financial distress. Any company can face a financial crisis at any time. When a company's financial condition deteriorates, it is considered to be in financial distress. This term is used when a company's working capital and long-term assets are insufficient to cover its short-term obligations,

and it can result from various factors such as poor cash flow, excessive spending, or a lack of external funding. In this study, the Debt to Asset Ratio (DAR) is used to measure financial distress. DAR shows the proportion of a company's debt to its total assets, indicating how much of the assets are financed by debt. A higher DAR reflects greater reliance on debt and higher financial risk, making companies more prone to auditor switching.

DAR = Total Debt / Total Assets × 100%.

RELATIONSHIP AMONG VARIABLES

1. The Influence of Audit Opinion on Auditor Switching

In auditing, forming an opinion is the final step of the process. The audit opinion depends heavily on the audit findings. When providing an opinion, the auditor must ensure that the financial statements have been prepared in accordance with the applicable reporting framework and are materially accurate, as stated by Arum (2018). The agency relationship is a contract between one or more principals that involves an agent performing tasks on behalf of the principals and granting some decision-making authority to the agent. The interaction between the principal (company owner), the agent (company management), and the independent auditor explains the relationship between audit opinion and auditor switching within the framework of agency theory.

H1 = The audit opinion has an influence on auditor switching.

2. The Influence of Company Size on Auditor Switching

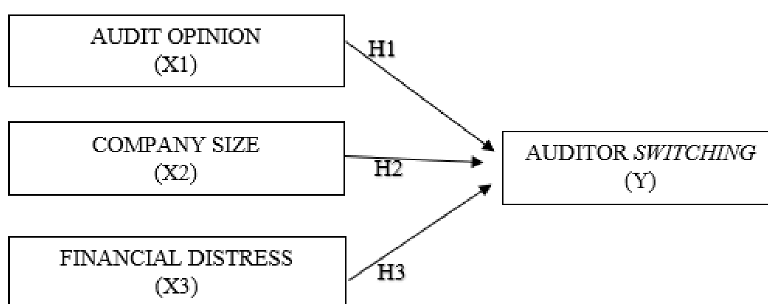
Company size affects firm value; larger companies find it easier to secure internal and external funding, with all assets reflected in their size (Rudangga & Sudiarta, 2022). According to agency theory, the relationship between owners (principals) and managers (agents) is influenced by company size. Large firms, with more complex operations, require stricter oversight and tend to retain reputable audit firms to minimize agency costs, while smaller firms typically engage smaller audit firms. Although company size impacts audit firm selection, it does not directly influence auditor switching frequency, as large firms rarely switch to avoid higher agency costs.

H2 = The company size has an influence on auditor switching.

3. The Influence of Financial Distress on Auditor Switching

Financial distress occurs when a company faces financial pressure due to poor performance, sustained revenue declines, or inability to repay debts. This condition affects the company's financial health, leading to poor cash flow, weak financial ratios, breaches of debt covenants, and ultimately, client bankruptcy (Putri *et al*., 2023). According to agency theory, individuals act in their own self-interest. When a company is in financial distress, management may seek an independent auditor to maintain their reputation and uphold the principal's trust in the financial statements. Additionally, due to self-interest, agents are more likely to switch auditors based on the company's financial situation.

H3 = The financial distress has an influence on auditor switching.



Picture 2.1 Conceptual Framework

METHOD

Research Method

This research uses a causal research design aimed at examining cause-and-effect relationships between independent and dependent variables, as explained by Jogiyanto (2018:59). The independent variables in this study are audit opinion, company size, and financial distress, while the dependent variable is auditor switching. The study seeks to test the hypothesis regarding the influence of these independent variables on auditor switching. The data used are secondary data, which are not obtained directly from the original source but through intermediary media. The secondary data in this research consist of financial statements and annual reports of financial companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. All data were obtained through the official IDX website (www.idx.co.id).

Population and Sample of the Research

According to Sugiyono (2013:80), the population refers to a generalization area consisting of objects or subjects with specific qualities and

characteristics determined by the researcher for study and conclusion. In this study, the population consists of the financial statements of financial companies that have gone public and are listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The research sample was determined using purposive sampling, where samples are selected based on specific criteria relevant to the research objective. The criteria for the sample in this study include:

1. financial companies listed on the IDX during 2021–2023,
2. companies that conducted their Initial Public Offering (IPO) before the study period (2021–2023), and
3. availability of complete financial statements for the entire 2021–2023 period.

RESULT

1. Statistic Descriptive

The following table presents descriptive statistics:

Table 1.1: Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Audit Opinion	279	0	1	.98	.133
Company Size	279	15.092	30.439	21.69983	4.609688
Financial distress	279	.000	64.651	.93759	4.162042
Auditor *Switching*	279	0	1	,10	.296
Valid N (listwise)	279				

Source: Spss 25

Auditor Switching

This variable is proxied by a dummy variable. A score of 0 indicates that the company did not switch auditors, while a score of 1 indicates that the company switched auditors. According to the results of descriptive statistical tests, the average value of auditor switching is 0.10, with a standard deviation of 0.296.

Table 1.2: Frequency–Auditor Switching

Auditor *Switching*				
	Frequency	Percent	Valid Percent	Cumulative Percent
Not Switching Auditors	252	90.3	90.3	90.3
Switching Auditors	27	9.7	9.7	100.0
Total	279	100.0	100.0	

Source: Spss 25

Based on the frequency analysis of auditor switching in financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period, the majority of companies (90.3%) did not switch auditors, while 9.7% did. This indicates that most companies tend to retain the same auditor for a long period, unless there are specific factors such as internal policies or regulations. According to POJK No. 9 of 2023, public companies are required to change their public accountant after using the same auditing services for five consecutive years to maintain auditor independence and objectivity. However, no significant indications of non-compliance were found in this study, suggesting that most companies have complied with the regulations regarding auditor switching.

Audit Opinion

This variable is proxied by a dummy variable. A score of 0 indicates that the company has an audit report other than an unqualified opinion, while a score of 1 indicates that the company's financial statements have an unqualified opinion. According to the results of descriptive statistical tests, the audit opinion has an average value of 0.98 and a standard deviation of 0.133.

Table 1.3: Frequency – Audit Opinion

Audit Opinion				
	Frequency	Percent	Valid Percent	Cumulative Percent
Other than Unqualified Opinion	5	1.8	1.8	1.8
Unqualified Opinion	274	98.2	98,2	100.0
Total	**279**	**100.0**	**100.0**	

Source: Spss 25

Based on the descriptive frequency test results in the table above, it is observed that the sample in this study is dominated by companies that received an unqualified audit opinion (WTP), with 274 companies (98.2%). Meanwhile, only 5 companies (1.8%) received an audit opinion other than unqualified. This indicates

that the majority of companies in the sample comply with financial reporting standards and do not have significant material findings, leading auditors to issue an unqualified opinion. Therefore, an unqualified opinion is the most commonly accepted audit opinion among public companies in Indonesia.

Company Size

This variable is proxied by the natural logarithm, with a minimum value of 15.092, held by Buana Keuangan Tbk. (BBLD) in 2021, and a maximum value of 30.439, held by Bank Mestika Dharma Tbk. (BBMD) in 2022. The average company size is 21.69983, with a standard deviation of 4.609688.

Financial Distress

This variable is measured using the Debt to Asset Ratio (DAR), calculated by dividing total debt by total assets. The lowest ratio (minimum) was observed in Lenox Pasifik Investama Tbk. (LPPS) in 2021, with total debt of IDR 124,081,660 and total assets of IDR 1,213,947,255,400, resulting in a ratio of 0.000102. The highest ratio (maximum) was found in Onix Capital Tbk. (OCAP), with total debt of IDR 230,246,298,782 and total assets of IDR 3,561,398,797, resulting in a ratio of 64.651. The average ratio is 0.93759, with a standard deviation of 4.162042. This indicates that the higher the standard deviation, the greater the variation of the sample data from the mean. The findings also suggest that as financial distress increases, the likelihood of a company experiencing financial pressure that may impact its decision to switch auditors rises due to the variation in financial distress levels.

2. Model Validity Test

- **Overall Model Test**

Table 1.1: Overall Model Test
BLOCK 0

lteration History			
Lteration		**-2 Log likelihood**	**Coeficient Constant**
Step 0	1	188.510	-1.613
	2	177.770	-2.114
	3	177.409	-2.228
	4	177.409	-2.234
	5	177.409	-2.234

Source: Spss 25

Table 1.2: Overall Model Test
BLOCK 1

lteration History						
			Coeficients			
Lteration		**-2 Log likelihood**	**Constant**	**Opini Audit**	**Ukuran Perusahaan**	***Financial distress***
Step 1	1	185.476	-1.276	-.953	.029	-.029
	2	172.437	-1.845	-1.579	.061	-.067
	3	171.176	-1.937	-1.970	.078	-.134
	4	170.876	-1.794	-2.091	.078	-.214
	5	170.734	-1.708	-2.083	.076	-.304
	6	170.671	-1.627	-2.053	.074	-.408
	7	170.662	-1.582	-2.035	.072	-.468
	8	170.662	-1.578	-2.033	.072	.473
	9	170.662	-1.578	-2.033	.072	.473

Source: Spss 25

To determine whether the model fits the data being tested, a comparison is made between the value of -2 Log Likelihood (-2LL) at the beginning (Block Number = 0) and the value of -2 Log Likelihood (-2LL) at the end (Block Number = 1). After the data is entered, a decrease of 6.747 is observed, indicating a reduction. Therefore, it can be concluded that the data model demonstrates a good regression model, and the hypothesized model fits the data.

- **Goodness of Fit Test**

Table 1.3: Goodness of Fit Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	14.984	8	.059

Source: Spss **25**

Due to the significance value obtained being 0.059, which slightly exceeds the 0.05 threshold, there are concerns regarding the accuracy of the analysis results. Therefore, a further analysis was conducted by calculating the deviance value to identify data points with high error levels. The deviance was calculated using the absolute deviation (ABS) formula to determine the extent to which the data deviates from the mean value. After analyzing the error values, an outlier identification process was carried out by removing data points with high errors to improve the accuracy and validity of the analysis results. After removing 10 data points, the following are the analysis results after data adjustment.

Table 1.4: Goodness of Fit Test

Hosmer and Lemeshow Test			
Step	**Chi-square**	**df**	**Sig.**
1	.802	8	.999

Source: Spss 25

Based on Table 1.7, it can be seen that the chi-square value is 0.802 and the significance value is 0.999. With a significance value greater than 0.05 and better than the analysis results before the deviance adjustment, the null hypothesis (Ho) is accepted. This means the model is able to predict the observed values and fits well with the data in this study.

- **Coefficient of Determination (R-squared)**

Table 1.5: Coefficient of Determination (R-squared)

Model Summary			
Step	**_-2 Log likelihood**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	48.127	.109	.421

Source: Spss 25

Based on Table 1.8, we can see that the Nagelkerke R Square value is 0.421, indicating that 42.1% of the variation can be predicted using the Audit Opinion, Company Size, and Financial Distress ratios. This shows that 42.1% of the dependent variable can be explained by the independent variables in this study, while the remaining 57.9% is explained by other variables outside the model. The Nagelkerke R Square value of 0.421 is considered good in explaining the model's goodness-of-fit.Matriks Klasifikasi

- **Classification Matrix**

Table 1.6: Classification Matrix

Classification Table				
	Predicted			
		Auditor *Switching*		
Observed		**Not Switching Auditor**	**Switching Auditor**	**Percentage Correct**
Auditor *Switching*	**Not Switching Auditor**	252	0	100.0
	Switching Auditor	8	1	11.1
Overall Percentage				96.9

Source: Spss 25

Based on Table 1.9 above, it can be concluded that from the observed results, there are 252 samples (251 + 1) identified as not performing auditor switching and 17 samples identified as performing auditor switching. Among the 252 samples that did not perform auditor switching, one was predicted to perform auditor switching according to the regression test results. Therefore, the model's predictive accuracy for companies that did not perform auditor switching is 93.3%. This indicates that out of 252 companies that did not switch auditors, 251 were correctly predicted as not switching auditors using the logistic regression model.

3. Hypothesis

- **T-Test**

Berikut adalah hasil pengujian hipotesis secara parsial dapat dilihat sebagai berikut

Table 1.7: T-Test

Variables in the Equation						
	B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Audit Opinion	-4.164	4.644	2.700	1	.998	.039
Company Size	1.005	.415	5.865	1	.015	2.732

Financial distress	-5.909	2.338	6.385	1	.012	.003
Constant	-4.572	4.653	3.565	1	.995	.000

Source: Spss 25

Audit Opinion

The significance result shows that the p-value is 0.097, which is greater than 0.05 (0.097 > 0.05); therefore, the null hypothesis (Ho) is accepted, and the alternative hypothesis (Ha) is rejected. This indicates that there is no significant partial effect of the Audit Opinion on Auditor Switching.

Firm Size

The significance result shows that the p-value is 0.03, which is less than 0.05 (0.03 < 0.05); therefore, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is accepted. This indicates that there is a significant partial effect of Firm Size on Auditor Switching.

Financial Distress

The significance result shows that the p-value is 0.048, which is less than 0.05 (0.048 < 0.05); therefore, the null hypothesis (Ho) is rejected, and the alternative hypothesis (Ha) is accepted. This indicates that there is a significant partial effect of Financial Distress on Auditor Switching.

- **Uji Regresi Logistik**

The purpose of this logistic regression test is to evaluate the influence of the following three independent variables (audit opinion, firm size, and financial distress) on the dependent variable (auditor switching). These independent variables consist of a combination of metric and non-metric variables, allowing the use of logistic regression. Based on the results presented in Table 1.10, the logistic regression model used in this study can be formulated as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

$$AS = -5.203 - 2.602 + 0.242 - 1{,}085 + \varepsilon$$

From the regression coefficient equation above, the explanation is as follows:

1. Auditor Switching has a regression coefficient equation with a negative constant value of -4.572, indicating that if all independent variables are assumed to be 0 (zero), this would result in a decrease in the implementation of auditor switching by 5.203.
2. Based on the results of the regression test and the regression equation in Table 4.11, Audit Opinion (X1) has a negative coefficient of -4.164. This means that if the Audit Opinion increases by 1, the Auditor Switching will decrease by 4.164, assuming other variables are constant. However, Audit Opinion does not have a significant effect on Auditor Switching.
3. Based on the results of the regression test and the regression equation in Table 4.11, Firm Size (X2) has a positive coefficient of 1.005. This means that if Firm Size increases by 1, Auditor Switching will increase by 1.005, assuming other variables are constant. Firm Size has a significant effect on Auditor Switching.
4. Based on the results of the regression test and the regression equation in Table 4.11, Financial Distress (X3) has a negative coefficient of -5.909. This means that if Financial Distress increases by 1, Auditor Switching will decrease by -5.909, assuming other variables are constant. However, Financial Distress significantly influences Auditor Switching.

DISCUSSION

Effect of Audit Opinion Ratio on Auditor Switching

Based on the logistic regression results in Table 1.10, the Audit Opinion variable has a negative coefficient and is not significant in influencing Auditor Switching, leading to the rejection of the first hypothesis (H1). Although theory suggests that a poor audit opinion should encourage auditor switching, in practice, management tends to consider other factors that benefit their position. This indicates that while audit opinion may theoretically influence auditor switching, it is not a primary factor in practice.

According to Putri *et al*. (2023), audit opinions provide credibility assurance to financial statements, and discrepancies can cause issues, leading companies to choose auditors aligned with their vision and mission.

This finding is consistent with Randy Mamolla *et al*. (2020), who found that Audit Opinion does not influence Auditor Switching, while research by Azlin & Taqwa (2023) and Tjahjono & Khairunissa (2021) suggests otherwise. The differences may be attributed to factors such as analysis methods, research periods, and company characteristics in the sample.

Effect of Company Size on Auditor Switching

Based on the logistic regression results in Table 1.10, the Firm Size variable has a positive coefficient and is significant in influencing Auditor Switching, leading to the acceptance of the second hypothesis (H2). This indicates that Firm Size has a positive effect on Auditor Switching. According to Kusuma Indrawati Halim (2021), firm size can be measured by its asset ownership. As businesses grow, their complexity increases, necessitating experienced auditors. In cases where management and ownership have conflicting interests, large companies often face agency problems. Monitoring management actions, which may prioritize personal profit over owners' interests, becomes a challenge for owners. To reduce organizational burden, independent auditors are needed. Large companies typically choose

auditors from reputable public accounting firms (KAP) to gain investor trust.

This finding aligns with research by Mubarrok & Islam (2020) and Halim *et al*. (2021), which found that Firm Size positively influences Auditor Switching. In contrast, studies by Afidah & Candrawati (2023) and Pratama & Ardiati (2022) indicate that Firm Size has no significant effect on auditor switching. The differences may arise due to factors such as analysis methods, research duration, and the variation in company sizes within the sample. Larger or smaller firms may have different policies and considerations when deciding to switch auditors.

Effect of Financial Distress on Auditor Switching

Based on the logistic regression results in Table 1.10, the Financial Distress variable has a negative coefficient and significantly influences Auditor Switching, leading to the acceptance of hypothesis H3. This suggests that financial distress negatively affects auditor switching. Companies experiencing financial difficulties tend to avoid additional costs, such as those associated with switching auditors.

Fenny (2020) explains that companies facing higher financial distress are less likely to switch auditors due to reputational concerns, while more stable companies may choose to change auditors to improve credibility. This finding aligns with studies by Afidah & Candrawati (2023) and Octarisa *et al*. (2024), which show that financial distress negatively impacts auditor switching. However, Tjahjono & Khairunissa (2021) and Widya Pratama & Sudiyatno (2022) found no significant effect, possibly due to differences in research methods, duration, and sample characteristics.

CONCLUSION

This study aims to examine the effect of audit opinion, company size, and financial distress on auditor switching using data from 269 financial sector companies listed on the Indonesia Stock Exchange (BEI) during the 2021-2023 period. Based on the results, it can be concluded that:

1. Audit opinion does not have an effect on auditor switching,
2. Company size has a positive effect on auditor switching,
3. Financial distress has a negative effect on auditor switching.

Based on the analysis, this study still has some limitations. Therefore, it is suggested that future research add other variables and consider a longer research period for more accurate results. Practically, the findings can help companies select auditors by considering factors such as financial distress, company size, and audit opinion. Decisions regarding auditor switching should comply with accounting regulations and improve audit quality. The OJK and IAPI should also tighten regulations to ensure auditor switching is more transparent and prevent financial statement manipulation.

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