

Article

# Auditor Switching Behavior in Property, Real Estate, and Building Construction Company

<sup>1</sup>Tria Nur Aysah, <sup>2</sup>Aris Eddy Sarwono, and <sup>3</sup>Dewi Saptantinah Puji Astuti<sup>1 2 3</sup> Universitas Slamet Riyadi, Indonesia\* Corresponding author: [triaaiisyah02@gmail.com](mailto:triaaiisyah02@gmail.com)

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## ABSTRACT

In the face of the threat of familiarity or trust, auditors can be excessively influenced by senior executives and become overly sympathetic. A relationship of trust that is too excessive can interfere with the objectivity of testing that does not match the expectations of an independent relationship. In addition, there are also threats of intimidation that auditors usually get from the dominance of directors and management.

This paper proposes a study to find out what factors can influence the occurrence of auditor turnover. The analysis was carried out using secondary data on audited financial statements from 2018-2021 from 76 companies in the property, real estate, and building constructions sectors in Indonesia listed on the Indonesia Stock Exchange totaling 181 samples that met the criteria. The number of sample companies is limited to switching auditor information and other variable information. We use logistic regression models to classify variable auditor switching, audit opinion, financial distress, KAP size, audit delay, and audit report lag. The results showed that audit opinion, financial distress, KAP size did not significantly affect the occurrence of switching auditors. Meanwhile, audit delay and audit report lag significantly affect the occurrence of switching auditors.

**Keywords:** Auditor switching; audit opinion; financial distress; audit delay; audit report lag;

**JEL Classification:** M41, M42, G38

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## INTRODUCTION

The Institute of Chartered Accountants in England and Wales says that there are several things that can threaten the objectivity and independence of auditors and one of them is the threat of familiarity or trust. The threat of familiarity

suggests that regardless of the duration of time, auditors can be excessively influenced by senior executives and become overly sympathetic. A relationship of trust that is too excessive can interfere with objectivity based on tests that do not

match the expectations of an independent relationship. In addition, there are also threats of intimidation that auditors usually get from the dominance of directors and management (Udayana, 2018)

Muaqilah, Mus, and Nurwanah (2021) stated that in order to maintain the independence of auditors, the Indonesian government also issued a regulation regulating the rotation of auditors (switching auditors) through PP No. 20/2015 concerning Public Accountant Practices. In PP No. 20/2015 article 11, it is explained that kap is no longer limited in conducting audits of a company. The restriction applies only to public accountants, that is, for 5 consecutive financial years.

Namira Ufrida Rahmi, J Stefano, Junaidi, Silfenni, B VA Saragih (2019) evaluates that audit opinion affects switching auditors. Because the opinion of an auditor will have a great influence on the company's decision in making decisions to replace the KAP who can provide opinions according to what the company wants.

I Wayan Dodi Eka Arsana, Made Yenni Latrini (2018) stated that financial distress affects switching auditors. If a company experiences financial distress, it will affect the course of the company's operational activities, where the higher the level of financial distress experienced by a company, the company can encourage the company to change auditors compared to other companies that have a lower level of financial distress.

Jayanti, Kurniawan, and Lestari (2020) evaluated that Kap affiliated with KAP big four has audit services that have high quality. They will maintain quality and maintain its independence to maintain the image of the Public Accounting Firm. The company will choose a Public Accounting Firm with better quality to improve the quality of financial statements and to improve the company's reputation in the eyes of financial statement users.

Companies that already use KAP affiliated with the big four are less likely to conduct auditor switching.

The change of management is caused by the decision of the GMS or the management to stop due to their own will so that shareholders must replace the new management, namely the president director or CEO. Change of management in a company will affect policies in the field of accounting as well as in the field of finance, in choosing a Public Accounting Firm (Aini and Yahya, 2019).

Audit Report Lag is the length of time required by auditors in producing 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 signed (Widhiasari and Budhiartha, 2016). The length of audit delay or audit report lag will affect the delay in submitting financial statements, this will have an impact on the obstruction of investors in obtaining information on financial performance or company sustainability and investment decisions. This will trigger the company to perform auditor switching.

Based on the financial statements of PT Garuda Indonesia, there are still several problems. Deputy of Financial Services, Surveys, and Consulting of State-Owned Enterprises Sakti et al., (2019) who showed that there are still some problems with misstatement of financial statements even though the report has been audited by an auditor, because of these problems the credibility of an auditor is questioned has not fully complied with the Audit Standards and the KAP has not implemented the KAP Quality Control System optimally related to consultations with external parties.

This study was conducted to determine the influence or relationship between two or more variables. The results of this study are expected to provide insight to find out what factors cause auditor switching in property, real estate, and

building construction companies in Indonesia because from several previous studies the results are still contradictory so that this research is carried out with the renewal of the research year, as well as the addition of new variables, and also the selection of objects in the property sector, real estate, and building construction because this sector is a large-scale company that has the largest number of companies with good prospects, so that it can represent other companies to conduct extensive research on the problems that occur. Given the potential for the population in Indonesia to increase, so that the development in the property, real estate, and building construction sectors is also greater, which can attract investors to invest in this sector.

## LITERATURE REVIEW

### Agency Theory (Agency Theory 1976)

Agency theory is a relationship or contract between principal and agent, agency theory explains that contracts carried out by two parties between principle and agent sometimes have a situation of information incompatibility so that in overcoming such agency problems, the need for a third party, namely the auditor as an independent mediator between the two parties. The agent in this case gives an opinion on the performance in the company's financial reporting for the sake of the agent's accountability to the principle so that the auditor in this case is needed. (Muaqilah et al., 2021).

Agency theory assumes that each individual is solely motivated by his or her own interests, giving rise to a conflict of interest between principals and the result of not meeting aligned goals or asymmetry between them. When the information asymmetry occurs, the auditor has a very important role, namely being an intermediary between shareholders and agents so that there are no actions that deviate from ethics and rules in making

financial statements and also supervising the agent's performance whether it is in accordance with the interests of the principal.

In Indonesia, the change of auditors can occur due to regulations that limit the audit engagement period, besides that the change of auditors can also occur due to disagreements over certain accounting practices, causing clients to move to auditors who have the same agreement with clients.

### Auditors Switching

Auditor switching is the transfer of auditors (KAP) carried out by the client company. There are two types of auditor changes, namely mandatory and voluntary auditor changes. Mandatory switching auditors are the replacement of public accountants that have been regulated by regulations aimed at maintaining the independence of auditors. Meanwhile, the switching auditor voluntarily occurs because the company changes the auditor or kap or the auditor dismisses himself. (Adli, et.al., 2019).

### Audit Opinion

An audit opinion is the opinion of the auditor regarding the financial statements he audited. In agency theory, the operation activity is the task of an agent. Agents are said to be successful if they can provide the best opinion that can result in the company having a high profit so that the company's chances of conducting switching auditors are getting smaller.

In a study conducted by Muaqilah, et. al., (2021) stated that audit opinions have a significant effect on switching auditors, the content is in line with the results of research conducted by Namira Ufrida Rahmi, J Stefano, Junaidi, Silfenni, B VA Saragih (2019) which states that audit opinions also have a significant effect on switching auditors. Based on the research that has been carried out, the first hypothesis that will be proposed in this study is as follows:

H1 = Audit opinion has a significant effect on switching auditors.

### **Financial Distress**

Financial distress is a condition where a company experiences financial distress and is threatened with bankruptcy. According to agency theory, the survival of the company is in the hands of the agent. Whether the agent can manage the company and make good use of the assets he owns or not. If the agent can maximize the assets he owns properly, the company's financial difficulties can be avoided and the potential for switching auditors is getting smaller.

Research by Shinta Permata Sari and Amiyati (2022) states that financial distress has a significant effect on switching auditors. This is in line with the research of I Wayan Dodi Eka Arsana and Made Yenni Latrini (2018) which has financial distress results that have a significant influence on switching auditors. Based on the research that has been carried out, the second hypothesis that will be proposed in this study is as follows:

H2 = Financial distress has a significant effect on switching auditors.

### **KAP Size**

KAP size is a measure of a public accounting firm used by a company. According to agency theory, decisions made by a company are under the control of agents. The higher the public accountant used by the company, the higher the quality assessment of a company, so that the company's chances of conducting switching auditors are smaller.

According to research conducted by Ridho Wardana and Challen (2018) stated that kap size has a significant effect on switching auditors. This is in line with research conducted by Fitri Dwi Jayanti, Bayu Kurniawan, Utami Puji Lestari (2020) which states that kap size also has a significant effect on switching auditors. Based on the research

that has been carried out, the third hypothesis that will be proposed in this study is as follows:

H3 = KAP size has a significant effect on switching auditors.

### **Changes Management**

Management changes or change of management is a change of directors of a company that can be caused by the decision of the general meeting of shareholders or the board of directors to stop of their own accord. Management change is carried out by looking at the condition of the company where the existing management structure is not able to manage the company properly (Saputra, 2015)

According to research by Muaqilah, et.al., (2021) stated that change management has a significant effect on switching auditors. This is in line with research conducted by Aini and Yahya (2019) which stated that management changes also affect switching auditors. Based on the research that has been carried out, the fourth hypothesis that will be proposed in this study is as follows:

H4= Changes management has a significant effect on switching auditors.

### **Audit Delay**

Audit delay is the time span in the completion of annual financial statements from a certain period of time to issue the company's audited financial statements with the closing date of the financial statements (Zikra & Syofyan, 2019). The length of the audit delay determines the company's accuracy in publishing financial statements to the capital market, so to anticipate this, the company conducts switching auditors in the next period so that the next year's period does not experience audit delay.

This statement is in line with the results of research by Muhammad Fauzi, Amir Hasan, and Vera Oktari (2020) which states that audit delay has a significant effect on switching auditors. Based on the research that has been carried out, the fifth

hypothesis that will be proposed in this study is as follows:

H5: Audit delay has a significant effect on switching auditors.

### Audit Report Lag

Audit Report Lag is the length of time required by the auditor in producing 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 signed. The duration of audit report lag will affect delays in submitting financial statements, this will have an impact on the obstruction of investors in obtaining information on financial performance or company sustainability and investment decisions. Audit report lag in this study is seen based on the time span required for an auditor to complete a t-1 audit, the longer the time span needed for auditors to complete an audit in the t-1 year, the consideration for companies to conduct switching auditors is greater. Based on this description, the sixth hypothesis that will be proposed in this study is as follows:

H6: Audit report lag has a significant effect on switching auditors

## METHODOLOGY

### Data Type and Data Source

The method in this study uses quantitative research that uses secondary data, in the form of company financial statements that are sampled and have been audited by the KAP during the 2019-2022 research period. Data is collected by documenting audited financial statements on the company's annual report through the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)). The quantitative data in this study are data in the form of audit opinions, financial distress, KAP size, management changes, audit delay, and audit report lag.

### Population and Sample

The population in this study is companies in the property, real estate and building construction sub-sectors listed on the IDX in 2018-2021 as many as 67 companies. The sampling technique in this study is purposive sampling, purposive sampling is a method of determining samples based on certain criteria.

**Table 1**  
**Sample Determination Process**

No	Criteria	Total
1.	Companies in the property, real estate, and building construction sectors listed on the IDX in 2019-2021	76
2.	Companies that do not publish annual reports in the 2019-2021 research year	(6)
3.	Companies that do not issue audited financial reports in the 2019-2021 period	(20)
	Number of samples that meet criteria	50
	Number of samples 4 years of study	200
	Outlier	(19)
	Number of samples used in the study	181

Source: SPSS 2022 Output Data Process

The number of property, real estate, and building construction companies in Indonesia listed on the Indonesia stock exchange in 2019-2022 is 76 companies. There are 26 companies that do not meet the criteria so that the number of samples that meet the criteria is left with 50 companies, with a research year of 4 years from 2019-2022 so that the number of samples to be used as research is 200 samples. But there were 19 data that became outliers so that the total samples used in the study were 181 samples.

### Operational Definition of Variables

#### Switching Auditors

Auditor Switching is the turnover of a public accounting firm carried out by a client. Indicators in measuring switching auditors using dummy or categorical variables, as in research (Mutiah, et.al, 2021) value 1 for companies that change auditors or

public accounting firms, while value 0 companies that do not change auditors or public accounting firms.

### Audit Opinion

An audit opinion is an opinion given by an auditor who complains about the financial statements of a company. Audit opinions are measured using dummy variables [Wardana and Challen, \(2018\)](#), the categories of companies that receive unqualified opinions are rated 1 and 0 for companies that receive opinions other than reasonable without exceptions.

### Financial Distress

Financial distress is a condition where a company experiences financial distress. Financial distress (X2) is measured using the DER (Debt to Equity Ratio) ratio with the formula [\(Damayanti, et.al., 2021\)](#):

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

### KAP Size

KAP size is a scale in determining the size of a public accounting firm (KAP). The kap size (X3) was measured using dummy variables [\(Jayanti, Kurniawan, and Lestari, 2020\)](#). The category of companies that use the services of the KAP affiliated with the Big Four Public Accountants is given a dummy value of 1 and the category of companies that use the services of the Non-big Four is given a dummy value of 0.

### Changes Management

Changes management is the change of directors of a company. Management turnover (X4) is measured using dummy variables [Antoni, et.al., \(2018\)](#), given a dummy value of 1 in case of change of directors, a value of 0 if there is no change of directors.

### Audit Delay

Audit delay is the time span required by an auditor to complete an audit report that is too long. An auditor is only given a maximum of 90 days from

the closing date of the financial year until the signing of the audit report before the audit report is submitted to Bapepam LK, if an auditor completes the audit report for too long this can cause the company to be late in submitting financial statements to the capital market so that it can affect the company to change auditors. Audit delay (X5) is measured using the dummy variable [Sriwardany and Dewi, \(2021\)](#), given a dummy value of 1 if an audit delay occurs, a value of 0 if there is no audit delay.

### Audit Report Lag

Audit report lag is the length of time it takes for an auditor to complete an auditing report as measured from the closing date of the financial year to the date of completion of the independent auditor's report. Audit report lag (X6) can be calculated by the following formula [\(Jayanti, Kurniawan, and Lestari, 2020\)](#):

$$\text{Audit Report Lag} = \text{Audit Report Date} - \text{Date of Financial Statements}$$

### Data Analysis Techniques

#### Descriptive Statistical Analysis

Descriptive statistical analysis is used to provide an overview or description of data from dependent variables in the form of switching auditors, as well as independent variables in the form of audit opinions, financial distress, KAP size, management changes, audit delay, and audit report lag. The analysis is presented using a descriptive statistical table that presents the minimum value, maximum value, mean and standard deviation.

#### Regression Model Feasibility Test

The feasibility of the regression model was assessed using Hosmer and Lemeshow's Goodness of Fit Test. If Hosmer and Lemeshow's Goodness of Fit Test values are equal to or less than 0.1, then the null hypothesis is rejected which means that there is a significant difference between the model

and the observation value or the model cannot predict the observation value. If Hosmer and Lemeshow's Goodness of Fit Test value is greater than 0.1, then the hypothesis is accepted because the model matches or is able to predict its observation value.

### Overall Model Fit

This test is used based on the likelihood function. The L likelihood of the model is a probability which means that the hypothesized model draws input data. To test the null and alternative hypothesis, L is transformed into  $-2\text{Log} L$  and in the event of a likelihood drop ( $-2\text{Log} L$ ) then it indicates a better regression model or a hypothesized model fits the data.

### Coefficient of Determination Test (Cox and Snell's R square and Nagelkerke R Square)

The coefficient of determination can be obtained from the value of the nagelkerke R square, the Nagelkerke R square is a modification of the coefficient Cox and Snell's to ensure that the value varies from 0 to 1. This is done by dividing the value of Cox and Snell's R square by their maximum value. Nagelkerke R square values can be interpreted like R<sup>2</sup> values in multipleregression (Aprianti and Hartatty, 2016).

### Logistic Regression Analysis

This study uses logistic regression methods to analyze the influence of audit opinion, financial distress, KAP size, management changes, audit delay, and audit report lag on switching auditors.

The regression equation of this study is as follows (Sriwardany & Dewi, 2021):

$$AS = a + b_1OA + b_2FD + b_3KS + b_4MC + b_5AD + b_5AR$$

Information:

AS = Auditor Switching

OA = Audit Opinion

FD = Financial Distress

KS = KAP Size

MC = Management Changes

AD = Audit Delay

AR = Audit Report Lag

### Research Hypothesis Testing

After assessing the logistic regression model, the next step is to conduct hypothesis testing to test each of the resulting regression coefficients using  $\alpha = 10\%$ , with the following criteria:

1. If the value of the significance level is 10% ( $\text{sig-t} < 0.1$ ) then it can be concluded that there is an influence between the independent variables on the dependent variables, then the hypothesis is accepted.
2. If the value of the significance level of 10% ( $\text{sig-t} > 0.1$ ) then it can be concluded that there is no influence between the independent variables on the dependent variables, then the hypothesis is rejected.

## RESULT AND DISCUSSION

### Descriptive Statistical Analysis Test Results

**Table 2**  
**Results of Descriptive Statistical Analysis**

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor Switching	181	0	1	.04	.193
Audit Opinion	181	0	1	.99	.074
Financial Distress	181	.02	35,47	1,1138	2,73815
KAP Size	181	0	1	.19	.392
Manajemen Changes	181	0	1	.30	.461
Audit Delay	181	0	1	.43	.496
Audit Report Lag	181	41	215	94.35	29.159

Sumber: Output SPSS, 2022

From the results of the descriptive analysis in the table above, the conclusions that can be drawn are as follows:

1. Switching Auditor Data has a standard deviation value of 0.193 the value is smaller than the mean value of 0.4. This indicates that the Switching Auditor data is not heterogeneous. The average value of 0.193 means that 19.3% of property, real estate, and building construction companies make auditor changes. The minimum and maximum values are 0 and 1. A company that is worth 0 means that the company does not make a change of auditor and a company that is worth 1 means that the company makes a change of auditor.
2. Audit Opinion Data has a standard deviation value of 0.074 the value is smaller than the mean value of 0.99. The average value of 0.074 which means that 7.4% of property, real estate, and building construction companies managed to get a fair opinion without exception. The minimum and maximum values are 0 and 1. A company that is worth 0 means that the company gets an opinion other than reasonable without exception and a company that is worth 1 which means that the company manages to get a fair opinion without exception.
3. Financial Distress data with a minimum value of 0.02, a maximum value of 35.47, an average value of 1.1138 and a standard deviation value of 2.73815. These results show that the amount of financial distress data of the companies sampled ranges from 0.02 to 35.47 and the data owned shows a relatively large distribution, because the standard deviation value is greater than the average value. Thus, it can be concluded that the data on the Financial Distress data variable has a relatively large data distribution.
4. Kap Size data has a standard deviation value of 0.392 the value is greater than the mean value of 0.19. This indicates that the KAP Size data is heterogeneous. The average value is 0.392 which means that 39.2% of property, real estate, and building construction companies use the Big Four Public Accountant. The minimum and maximum values are 0 and 1. A company with a value of 0 means that the company uses services other than the Big Four KAP and a company that is worth 1 which means that the company uses the services of a Big Four KAP.
5. Change Management data has a standard deviation value of 0.461 the value is greater than the mean value of 0.30. This indicates that Changes Management data is heterogeneous. The average value is 0.461 which means that 46.1% of property, real estate, and building construction companies change directors. The minimum and maximum values are 0 and 1. A company that is worth 0 means that the company does not make a change of directors and a company that is worth 1 which means that the company makes a change of directors.
6. Audit Delay data has a standard deviation value of 0.496 the value is greater than the mean value of 0.43. This indicates that audit delay data is heterogeneous. The average value of 0.496 means that 49.6% of property, real estate, and building construction companies experience audit delays. The minimum and maximum values are 0 and 1. A company worth 0 means that the company did not experience an audit delay and a company that is worth 1 means that the company experienced an audit delay.

Audit Report Lag data with a minimum value of 41, a maximum value of 215, an average value of 94.35 and a standard deviation value of 29.159. The



results show that the size of the Audit Report Lag of the companies that are sampled ranges from 41 to 215 and the data owned shows a relatively small distribution, because the standard deviation value is smaller than the average value. Thus, it can be concluded that the data in the Audit Report Lag variable has a relatively small data distribution.

### Regression Model Feasibility Test Results

The first step is to assess the feasibility of the regression model, the model is said to be able to predict the observation value because it matches the observation data if the Hosmer and Lemeshow Goodness of fit test value  $> 0.1$ . Pay attention to the goodness of fit test values in the table below which is measured by the chisquare values at the bottom of the Hosmer and Lemeshow tests. In the table, it can be seen that the magnitude of the statistical value of the Hosmer and Lemeshow Goodness of fit test is 0.168 with a probability of significance of 1.0 whose value is above 0.1.

**Tabel 3**  
**Hosmer and Lemeshow**

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	0,168	8	1,0

Source: SPSS Output Data, 2022.

Based on this analysis, it can be concluded that the regression model is suitable for subsequent analysis, because there is no noticeable difference between the predicted classification and the observed classification.

### Overall Model Fit Test Results

The second step is to assess the overall regression model. The table below shows the feasibility test by paying attention to the numbers on -2 Log Likelihood Block Number = 0 and -2 Log Likelihood Block Number = 1. In the table, it can be seen that the initial number -2 Log Likelihood Block Number = 0 is 59.262 while the number -2 Log Likelihood Block Number = 1 is 30.802.

**Tabel 4**  
**Overall Model Fit Test**

-2 Log Likelihood Block Number = 0	-2 Log Likelihood Block Number = 1
59,262	30,802

Source: Spss Output Data, 2022

From the model, it turned out that the overall fit model at -2 Log Likelihood Block Number = 0 showed a decrease in -2 Log Likelihood Block Number=1 from 59,262 to 30,802. This decrease in likelihood indicates a better regression model or in other words a hypothesized model fits with the data.

### Nagel Karke R2 Value Results

Nagel Karke  $R^2$  is a modification of Cox and Snell's coefficients to ensure that its value varies from 0 to 1. This is done by dividing the value of Cox and Snell's  $R^2$  by their maximum value. Nagel Karke's value of  $R^2$  can be interpreted like the value of  $R^2$  on multipleregression. The results of Nagel Karke's values can be seen in the table below:

**Tabel 5**  
**Model Summary**

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	30,802a	.145	.521

Source: SPSS Output Data, 2022.

In the summary model results in the table above, the Nagelkerke R Square value is 0.521. This means that the variability of the dependent variable that can be explained by the variability of the independent variable of 52.1% while the remaining 47.9% is explained by other variables that were not used in this study.

### Classification Test Results

Model accuracy predictions can also use classification matrices that calculate correct and incorrect estimation values in dependent variables. The classification matrix will show the predictive

power of the regression model to predict the likelihood of cheating.

**Tabel 6**  
**Classification Table**

Observed		Predicted		Percentage Correct	
		Auditor Switching			
		No Auditor Turnover (0)	Auditor Change Occurs (1)		
Step 1	Auditor Switching	No Auditor Turnover (0)	172	2	98.9
		Auditor Change Occurs (1)	6	1	14.3
Overall Percentage					95.6

Source: SPSS Output Data, 2022.

Overall means that 95.6% of the sample can be correctly predicted by this logistic regression model. The high percentage of accuracy of the classification table supports the absence of significant differences in the predicted data and observation data which shows it as a good logistic regression model.

**Logistic Regression Analysis Results**

Logistic regression analysis is used to analyze the influence of public opinion, financial distress, KAP Size, management changes, audit delay, and audit report lag on switching auditors. The results of the logistic regression analysis can be seen in table 7 below.

**Tabel 7**  
**Variables in the Equation**

	B	S.E.	Wald	df	Sig.	Exp(B)
Audit Opinion	17.793	40192.991	.000	1	1.000	53383101.214
Financial Distress	.675	.460	2.154	1	.142	1.965
KAP Size	-20.247	2862.332	.000	1	.994	.000
Step 1a Manajemen Changes	19.325	2571.612	.000	1	.994	247037789.374
Audit Delay	-4.223	2.173	3.777	1	.052	.015
Audit Report Lag	.057	.031	3.409	1	.065	1.058
Constant	-43.488	40275.175	.000	1	.999	.000

Source: SPSS Output Data, 2022.

Based on the logistic equation, a logit regression model was obtained as follows:

$$AS = -43,488 + 17,793OP + 0,675FD - 20,247KS + 19,235MC - 4,223AD + 0,057ARL \text{ (Muaqilah, et.al., 2021)}.$$

From the equation of the logit regression line formed and the values of the regression coefficients of each free variable, then the magnitude of the value of the intercept and the value of the coefficient of the free variable can be interpreted. Therefore, in logistic regression, the measurement of logit regression coefficients uses

a measure known as odds ratio or Exp (B). From the results of the regression analysis calculation, the interpretation of the regression coefficient can be explained as follows:

1. The intercept value of the regression equation above is -43.488 with an odds ratio value of 0.000. This means that the chances of a company doing a switching auditor are 0.000 compared to the chance of the company not doing a switching auditor assuming all free variables are worth 0.

2. The value of the regression coefficient of the audit opinion variable is 17.793 with an odds ratio value of 53383101.214. This means that if the audit opinion ratio increases by one unit, the company's chances of conducting switching auditors will decrease by 53383101,214 times assuming other free variables are considered constant.
3. The value of the regression coefficient of the financial distress variable is 0.675 with an odds ratio of 1.965. This means that if the financial distress increases by one unit, the company's chances of conducting switching auditors will decrease by 1,965 times assuming other free variables are considered constant.
4. The value of the regression coefficient of the KAP size variable is -20.247 with an odds ratio value of 0.000. This is because if the KAP Size ratio increases by one unit, the company's chances of conducting switching auditors will increase by 0.000 times assuming other free variables are considered constant.
5. The value of the regression coefficient of the changes management variable is 19.325 with an odds ratio value of 247037789.374. This means that if the ratio of management changes increases by one unit, the company's chances of conducting switching auditors will increase by 247037789,374 times assuming other free variables are considered constant.
6. The value of the regression coefficient of the audit delay variable is -4.223 with an odds ratio value of 0.015. This means that if the audit delay ratio increases by one unit, the company's chances of conducting switching auditors will increase by 0.015 times assuming other free variables are considered constant.
7. The value of the regression coefficient of the audit report lag variable is 0.057 with an odds ratio value of 1.058. This means that if the audit report lag ratio increases by one unit, the company's chances of conducting switching auditors will increase by 1,058 times assuming other free variables are considered constant.

### Hypothesis Test Results

The results of hypothesis testing can be seen as follows:

1. The audit opinion has a regression coefficient value of 17.793 with significance on the hypothesis of 1.000 and at a significance level of  $\alpha = 10\%$ , then the regression coefficient is insignificant because the significance is  $1.000 > 0.1$ , then it can be concluded that the audit opinion has an insignificant positive effect on switching auditors so that H1 is rejected. Audit opinions are often used as a reason for management to make a change of KAP. This happens because of the factor of the company not agreeing with the previous audit opinion. But the previous year's audit opinion was not a factor that triggered the auditor switching. The results of this study are in accordance with the research of [Sriwardany and Dewi \(2021\)](#) which proves that audit opinions do not have a significant effect on switching auditors.

**Tabel 8**  
**Results of Hypothesis Testing with Logistic Regression**

		B	Sig.	Information
	Audit Opinion	17.793	1.000	H1: Declined
	Financial Distress	.675	.142	H2: Declined
	KAP Size	-20.247	.994	H3: Declined
Step 1a	Manajemen Changes	19.325	.994	H4: Declined
	Audit Delay	-4.223	.052	H5: Accepted
	Audit Report Lag	.057	.065	H6: Accepted
	Constant	-43.488	.999	

Source: SPSS Output Data, 2022.

2. Financial distress has a regression coefficient value of 0.675 with significance on the hypothesis of 0.142 and at a significance level of  $\alpha = 10\%$ ; then the regression coefficient is not significant because the significance is  $0.142 > 0.1$ , it can be concluded that financial distress has an insignificant positive effect on switching auditors so that H2 is rejected. This means that the condition of the company that experiences financial distress will not affect the switching auditor because if the agent can maximize the assets he owns properly, the condition of the company's financial difficulties can be avoided because financial distress does not always affect the occurrence of switching auditors. The results of this study are in accordance with the research of [Muaqilah, et.al., \(2021\)](#) and the research of [Wanda Fauziyyah, Jullie J. Sondakh, I Gede Suwetja \(2019\)](#) which states that financial distress does not have a significant effect on switching auditors.

3. KAP Size has a regression coefficient value of -20.247 with significance on the hypothesis of 0.994 and at a significance level of  $\alpha = 10\%$ , then the regression coefficient is insignificant because the significance is  $0.994 > 0.1$ , then it can be concluded that, KAP Size has an insignificant negative effect on switching auditors so that H3 is rejected. The higher the public accountant used by the company, the higher the quality assessment of a company, so

that the company's chances of conducting switching auditors are smaller. However, kap size does not always affect the occurrence of switching auditors in each company. The results of this study are in accordance with research conducted by [Auliffi Ermian Challen, Muhammad Faisal, Putri Eva Sari \(2021\)](#) who stated that KAP Size did not have a significant effect on switching auditors.

4. Changes management has a regression coefficient value of 19.325 with significance on the hypothesis of 0.994 and at a significance level of  $\alpha = 10\%$ , then the regression coefficient is not significant because the significance is  $0.994 > 0.1$ , then it can be concluded that changes management has an insignificant positive effect on switching auditors so that H4 is rejected. This means that the change of directors does not affect a company in conducting auditor switching. Management change is carried out by looking at the condition of the company where the existing management structure is not able to manage the company properly ([Saputra, 2015](#)). The results of this study are in accordance with the research of [Jayanti, Kurniawan, and Lestari \(2020\)](#) which states that changes management does not have a significant effect on switching auditors.

5. Audit delay has a regression coefficient value of -4.223 with significance on the hypothesis of 0.052

and at a significance level of  $\alpha = 10\%$ , then the regression coefficient is significant because the significance is  $0.052 > 01$ , then it can be concluded that, audit delay has a significant negative effect on switching auditors so that H5 is accepted. This means that an auditor's delay in reporting financial statements will affect the company's switching auditors. The results of the study are consistent with the research of Damayanti, et.al., (2021) which showed the same result that audit delay has a significant effect on switching auditors.

6. Audit report lag has a regression coefficient value of 0.057 with significance on the hypothesis of 0.065 and at a significance level of  $\alpha = 10\%$ , then the regression coefficient is significant because the significance is  $0.057 > 01$ , it can be concluded that audit report lag has a significant positive effect on switching auditors so that H6 is accepted. This means that an auditor's delay in reporting financial statements will affect the company's switching auditors. The length of audit report lag in the submission of financial statements will affect delays so that this will have an impact on companies to conduct auditor switching. The results of the study are consistent with Ariyensi's

research (2021) which shows the same result that audit report lag has a significant effect on switching auditors.

## CONCLUSION AND RECOMMENDATION

This study provides empirical evidence that audit delay has a significant negative effect on switching auditors, and audit report lag has a significant positive effect on switching auditors. Meanwhile, other variables such as audit opinions, financial distress, and management changes have an insignificant positive effect on switching auditors and the KAP Size variable has an insignificant negative effect on switching auditors, especially in property, real estate, and building constructions companies in Indonesia.

Future research should test other companies with the addition of other variables as well to find out what factors can significantly affect switching auditors. This research has limitations on the SPSS processing process and the use of secondary data that only focuses on companies in the property, real estate, and building construction sub-sectors and with a short number of research years of 4 years.

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