THE DETERMINANT FACTORS OF AUDITOR SWITCHING: EVIDENCE FROM STATE-OWNED ENTERPRISES LISTED ON IDX

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Abstract

The purpose of this research is to determine the influence of audit tenure, audit opinion, financial distress, company size, and firm size on auditor switching. The population of this research is 27 state-owned enterprises listed on the IDX. The sampling method uses purposive sampling so that 24 sample companies were obtained during 5 years of observation (2016-2020) with 120 data observations. The research data is obtained from the company's annual report through the official website of the Indonesia Stock Exchange. Data analysis methods use descriptive statistical analysis methods and logistic regression analysis. The results of this study showed that financial distress and firm size have a positive and significant effect on auditor switching, company size has a negative and significant effect on auditor switching, while audit tenure and audit opinion partially have a negative and insignificant effect on auditor switching.

Keywords: Auditor Switching, Audit Tenure, Audit Opinion, Financial Distress, Company Size, Firm Size.

INTRODUCTION

As one of the sources of national income, the state-owned enterprise plays a role in helping the development of the economy in Indonesia. The contributions given are in the form of taxes, dividends, privatization results, and profits generated by the company. Private companies and state-owned enterprises whose shares have been listed on the Indonesia Stock Exchange have an obligation to submit their company information through annual reports that include financial statements that have been audited by independent parties. In this case, the services of a Public Accountant are necessary to ensure and provide assurance that the financial statements are fair in accordance with applicable accounting principles and can be trusted by stakeholders.

Considering that SOEs have a fairly important role in running the wheels of the economy in Indonesia, the change of auditors can be one way to improve the quality of company financial reporting. Auditor switching can be done mandatory or voluntary. Mandatory auditor switching occurs due to applicable government regulations contained in the Regulation of the Minister of Finance of the Republic of Indonesia No.17/ PMK.01/ 2008 concerning "Public Accountant Services". On April 6, 2015, the regulation was updated by issuing Government Regulation of the Republic of Indonesia No.20 of 2015 concerning The Public Accountant Practices. Many parties state that mandatory rotation was a solution to the problem of auditor independence (Mohamed & Habib, 2013).

Voluntary auditor switching occurs outside of the applicable auditor rotation regulations. According to Mardiyah (2003), two factors that influence companies to change public accounting firms are client-related factors such as financial distress, failed management, changes in ownership, Initial Public Offering (IPO), and auditor-related factors such as audit fees and audit quality.

Mandatory audit rotations need to be done to provide a "fresh look" at a client's financial statements and change the economic incentives of the auditor (Davis, Soo, & Trompeter, 2009). However, some opinions state that rotation and over-frequent turnover will incur greater costs (increased audit fees). Each time rotation occurred, management would face the prospect of a disruptive, time-consuming, and expensive process of selecting new auditors and familiarizing them with the company's operations, procedures, systems, and industry environment (AICPA, 1992).

Ideally, auditor switching in Indonesia is carried out mandatory following applicable regulations. However, the change of auditors in Indonesia is often done voluntarily, so it is necessary to question what factors cause the company to switch its auditors.

Therefore, this study aims to examine the influence of audit tenure, audit opinion, financial distress, company size, and firm size on auditor switching. The research sample used a sample of state-owned enterprises listed on the Indonesia Stock Exchange from 2016 to 2020.

LITERATURE REVIEW

Agency theory is the basis of theoretical evidence to support research on auditor switching. Jensen & Meckling (1979) state that an agency relationship is a contract by which one or more persons (the principal) hire another person (the agent) to perform some service on their behalf and then delegate the agent some of their decision-making power. The responsibility of the manager as an agent to report the results of actions within the company that are not directly observed

by the owner as the principal party may give rise to the assumption that the manager will manipulate the report. The goal between the two different parties is what causes a conflict of interest.

The relationship between owner and manager often raises an asymmetry of information between the two parties (Messier, Glover, & Prawitt, 2008). Information asymmetry means that the manager has more information regarding the financial position and actual operating results of the entity than the owners or shareholders. Agency problems that arise can be reduced by a form of control to evaluate the performance of the agent. In this case, conducting audit engagements with external auditors can be the intermediary party that bridges the differences in interests between shareholders and the company's management. The principal requires an auditor who can assure and also verify information made by management (Dwiyanti & Sabeni, 2014).

1. Audit Tenure and Auditor Switching

Audit tenure is the duration or length of the engagement period between the client and the external auditor. Sinason, Jones, & Shelton (2001) found that the length of the audit engagement period was positively influenced by the type of audit company. That is, public accounting firms affiliated with the Big Four will have a long audit engagement period compared to small audit companies such as Non-Big Four accounting firms.

The longer the auditor-client relationship, the stronger the emotional connection will be so that the independence of the auditor in providing opinions on the client's company financial statements will be reduced. Audit tenure has a positive and significant influence on auditor switching on the basis that there is an influence from Government Regulations that limit audit engagements so that there is not a long enough relationship between the accounting firm and client to maintain auditor independence and audit quality (Rohmah, Astuti, & Harimurti, 2019). If an auditor no longer has an independency, the company will likely conduct auditor switching (Luthfiyati, 2016); (Sianipar, 2015).

Aminah, Werdhaningtyas, & Tarmizi (2017), and Luthfi & Sari (2019) found that the audit engagement period between a public accounting firm or auditors and a company does not affect companies to conduct auditor switching. When the auditor has a long contract with the client, it can make it easier for the auditor to know the financial condition of the client's company. A long audit tenure will increase a better understanding of the client's financial condition so that the smaller the client gets a going concern audit opinion. Then a long audit tenure reduces the company doing auditor switching (Wati, 2020). The hypothesis proposed is:

H_1: Audit tenure has a significant positive effect on auditor switching

2. Audit Opinion and Auditor Switching

An audit opinion is a statement or opinion given by a Public Accountant on the audit examination in assessing the fairness of financial statements that have been presented by the client company. In general, companies expect unqualified opinions because this can affect the value of the company's shares. Companies that get unqualified opinions tend to retain their auditors and will not change auditors.

Dewi & Arfianti (2020), and Wardana & Challen (2018) found that the companies that received an opinion other than unqualified were not always followed by auditor changes and companies would still use the same accounting firm even though the audit opinion received in the previous year was not unqualified.

Audit opinion has a significant influence on the auditor switching because when the company receives a qualified opinion on its financial statements, the company will tend to replace its auditors (Aini & Yahya, 2019). The company will conduct auditor switching voluntarily because qualified opinion is not by the expectations of the company's management (Dwiyanti & Sabeni, 2014). The hypothesis proposed is:

H_2: Audit Opinion has a significant negative effect on auditor switching

3. Financial Distress and Auditor Switching

Financial distress is a condition of the inability of a company to pay its financial obligations. Financial distress is a condition that indicates a stage of decline in the company's financial condition that occurs before bankruptcy or liquidation (Platt & Platt, 2002).

The financial condition of a company can affect the auditor switching. Sinarto & Wenny (2017) stated that companies experiencing financial distress tend to get a negative response from investors to the profitability of the company, so the company will replace their auditors with auditors who can be invited to work together to be able to convince investors that the company is doing well. Companies prefer to switch to new auditors who have lower service costs than old auditors (Wiguna, Endiana, & Kumalasari, 2021).

There are differences in Aprilia & Effendi (2019), and Mahindrayogi & Suputra (2016) that financial distress has no significant effect on switching auditors because the company's reputation will be questioned when there is a tendency for the company to replace an accounting firm when there is a decline in financial performance within the company. Companies that use Non-Big Four accounting firm services and conduct auditor switching to Big Four accounting firm services will make it more difficult for the company's financial condition due to the increase in audit services (Fauziyyah, Sondakh, & Suwetja, 2019). The hypothesis proposed is:

H_3: Financial Distress has a significant positive effect on auditor switching

4. Company Size and Auditor Switching

Company size is the size of a company that can be measured by total assets, total sales, and market capitalization. As the size of the company increases, it is likely that the number of agency conflicts also increases and this might increase the demand for quality-differentiated auditors (Nasser *et al*., 2006).

Research conducted by Stevani & Siagian (2020) found that the size of the company did not affect on auditor switching. The quality of audits conducted by small and large auditors should be the same because they follow established audit standards so that the size of the company does not affect the change of auditors (Sinarto & Wenny, 2017).

Company size has a negative and significant effect on auditor switching (Wati, 2020); (Dwiyanti & Sabeni, 2014). This is because companies with large total assets will still choose Big Four accounting firms as their auditor. The hypothesis proposed is:

H_4: Company size has a significant negative effect on auditor switching

5. Firm Size and Auditor Switching

Firm size is a scale that determines the size of a Public Accounting Firm, which is classified into the Big Four and Non-Big Four. Sinarwati (2010) said that investors and stakeholders rely on the reputation of auditors as an indicator of the credibility of financial statements, so the company's management will choose auditors who have a high reputation to improve the quality of the financial statements produced and improve the company's reputation to stakeholders.

Wardana & Challen (2018), Muaqilah, Mus, & Nurwanah (2021), and Kholipah & Suryandari (2019) found that the firm size has a positive effect on auditor switching on the basis that Big Four accounting firm is considered to have better quality and reputation compared to Non-Big Four accounting firm.

Firm size did not affect the auditor switching because the company audited by a Non-Big Four accounting firm did not make the change to a Big Four accounting firm due to greater audit costs (Widajantie & Dewi, 2020). Big Four accounting firms and Non-Big Four accounting firms still provide audit quality following established audit standards so that the size of the accounting firm does not determine the auditor switching carried out by the company to get better audit quality (Fauziyyah, Sondakh, & Suwetja, 2019). The hypothesis proposed is:

H_5: Firm Size has a significant positive effect on auditor switching

RESEARCH METHOD

1. Population and Sample

The selection of samples in this study used purposive sampling methods. The object of research in this study is SOEs listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020. The criteria considered in sampling for this study are as follows:

Table 1. Research Sample Criteria

No	Sample Criteria	Total
1	SOEs companies listed on Indonesia Stock Exchange (IDX) from 2016 to 2020.	27
2	Companies that do not publish financial statements from 2016 to 2020.	(1)
3	Companies that do not changes their auditor from 2016 to 2020.	(2)
Number of Final Samples		24
Total Number of Observation Data (5 x 24 samples)		120

2. Analysis Method

The study used quantitative analysis techniques with logistic regression analysis tools to measure the influence of independent variables and dependent variables. The data models to be tested in logistic regression analysis are: Testing the Overall Model (Overall Model Fit), Testing the Feasibility of the Regression Model (Goodness of Fit Test), Coefficient of Determination (Nagelkerke's R Square), and Classification Table.

Descriptive statistical analysis is also used in this study to describe variables that can be seen from the mean, standard deviation, and minimum-maximum to the auditor switching from independent variables. The equation of the logistic regression model in this research is:

$$\mathbf{Ln}\frac{p}{1-p} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

3. Operational Variables

a. Dependent variable

Auditor switching (Y) as a dependent variable can occur mandatory and voluntary. Two factors that affect companies changing public accounting firms or auditors are client-related factors and auditor-related factors (Mardiyah, 2003). Auditor switching is measured using a dummy variable (Fauziyyah, Sondakh, & Suwetja, 2019). If the company experiences auditor switching, then code 1 and if the company does not experience auditor switching, then code 0.

b. Independent variables

Audit tenure (X1) as an independent variable is the length of the period of engagement between the client and the auditor of the Public Accounting Firm in providing audit services that have been agreed upon with the client. The audit tenure variable is measured using a dummy variable (Wati, 2020). If the company conducts an audit engagement with the auditor for 3 years or more then coded 1, while if for less than 3 years (1-2 years) then coded 0.

An audit opinion (X2) is an opinion issued by the auditor after completing the audit of a company's financial statements (Luthfi & Sari, 2019). The audit opinion variable is measured using a dummy variable. If the company receives an unqualified opinion then coded 1, if the company receives an opinion other than unqualified then coded 0.

Financial distress (X3) is a condition of the inability of a company to generate income so that a company cannot pay its financial obligations. Financial distress can be proxy with the DER (*Debt to Equity Ratio*) by comparing total debt with total equity. The safe DER rate is 100%. DER above 100% is one indicator of deteriorating financial performance, thus improving the evaluation of subjectivity, conservatism, and even auditor skepticism (Wiguna, Endiana, & Kumalasari, 2021). Financial distress is measured using a dummy variable. If the company has a DER above 100% then coded 1, and for companies that have a DER below 100% then coded 0.

Company size (X4) is the size of a company assessed from the total assets of the company in a certain period (Kholipah & Suryandari, 2019). Company size is measured by transforming the total assets owned by the company into the form of natural logarithms to simplify the number of assets, without changing the proportion of the actual amount of assets. Company size is measured using natural logarithms on the company's total assets (Wati, 2020).

Firm size (X5) is a scale that determines the small size of the accounting firm that can be divided into two groups: Public Accounting Firm affiliated with the Big Four and Public Accounting Firm which is not affiliated with the Big Four. Firm size is measured using a dummy variable. If the client is audited by the Big Four accounting firm then coded 1, while if the client is audited by the Non-Big Four accounting firm then coded 0 (Jayanti, Kurniawan, & Lestari, 2020).

RESULTS AND DISCUSSION

1. Descriptive Statistics

Based on the results of the descriptive statistics, the number of samples (N) used in this study is as many as 120 valid samples entered into the data entirely without missing values. The following is a table of test results with descriptive statistics:

Table 2. Descriptive Statistics of Research Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor Switching (Y)	120	0	1	.60	.492
Audit Tenure (X1)	120	0	1	.21	.408
Audit Opinion (X2)	120	0	1	.68	.467
Financial Distress (X3)	120	0	1	.73	.448
Company Size (X4)	120	27.95	34.95	31.3767	1.66913
Firm Size (X5)	120	0	1	.61	.490
Valid N (listwise)	120				

Source: IBM SPSS 26 Output (2022)

Table 3. Auditor Switching Variable Frequency Statistics

Auditor Switching (Y)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do Not Experience Auditor Switching	48	40.0	40.0	40.0
	Experience Auditor Switching	72	60.0	60.0	100.0
	Total	120	100.0	100.0	

Source: IBM SPSS 26 Output (2022)

Based on Table 3, the data frequency results show that from 2016 to 2020, companies that experienced auditor switching were as many as 72 out of 120 or 60.0%, while companies that did not experience auditor switching were as many as 48 out of 120 or 40.0%.

Table 4. Audit Tenure Variable Frequency Statistics
Audit Tenure (X1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Audit Tenure Less Than 3 Years	95	79.2	79.2	79.2
	Audit Tenure For 3 Years or More	25	20.8	20.8	100.0
	Total	120	100.0	100.0	

Source: IBM SPSS 26 Output (2022)

Based on Table 4, the results of the data frequency showed that from 2016 to 2020, as many as 95 companies analyzed there were 79.2% of companies conducting audit engagements for less than 3 years (1-2 years), while 25 companies analyzed there were 20.8% of companies conducting audit engagements for 3 years or more.

Table 5. Audit Opinion Variable Frequency Statistics
Audit Opinion (X2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Other Than Unqualified Opinion	38	31.7	31.7	31.7
	Unqualified Opinion	82	68.3	68.3	100.0
	Total	120	100.0	100.0	

Source: IBM SPSS 26 Output (2022)

Based on Table 5, the results of the data frequency show that from 2016 to 2020, as many as 38 companies analyzed there were 31.7% of companies received other than unqualified opinions, while 82 companies analyzed there were 68.3% companies received unqualified opinions.

Table 6. Financial Distress Variable Frequency Statistics
Financial Distress (X3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	DER Below 100%	33	27.5	27.5	27.5
	DER Above 100%	87	72.5	72.5	100.0
	Total	120	100.0	100.0	

Source: IBM SPSS 26 Output (2022)

Based on Table 6, the data frequency results show that from 2016 to 2020, as many as 33 companies analyzed there were 27.5% of companies with a DER below 100%, while 87 companies analyzed there were 72.5% of companies with a DER above 100%.

Table 7. Company Size Variable Frequency Statistics
Company Size (X4)

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size (X4)	120	27.95	34.95	31.3767	1.66913
Valid N (listwise)	120				

Source: IBM SPSS 26 Output (2022)

Based on Table 7, the frequency of the data shows that the company size variable has a mean value of 31.3767, and the minimum and maximum values are 27.95 and 34.95. While the standard deviation value of the company size is 1.66913 smaller than the mean value, it can be said that the research data spread evenly.

Table 8. Firm Size Variable Frequency Statistics
Firm Size (X5)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Audited by the Non-Big Four Accounting Firm	47	39.2	39.2	39.2
	Audited by the Big Four Accounting Firm	73	60.8	60.8	100.0
	Total	120	100.0	100.0	

Source: IBM SPSS 26 Output (2022)

Based on Table 8, the data frequency results show that from 2016 to 2020, 47 companies analyzed there were 39.2% of companies audited by the Non-Big Four accounting firm, while 73 companies analyzed there were 60.8% companies were audited by the Big Four accounting firm.

2. Hypothesis Testing Results

a. Testing the Overall Model (Overall Model Fit)

Assessing the fit model can be seen from the decrease in the statistical value of *-2 Log-Likelihood* without variables to the statistical value of *-2 Log-Likelihood* after adding independent variables.

Table 9. The Initial *-2 Log-Likelihood* Value
Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	161.524	.400
	2	161.523	.405
	3	161.523	.405

Source: IBM SPSS 26 Output (2022)

Table 10. The Final *-2 Log-Likelihood* Value
Iteration History[a,b,c,d]

Iteration		-2 Log Likelihood	Coefficients					
			Constant	(X1)	(X2)	(X3)	(X4)	(X5)
Step 1	1	120.939	8.703	-2.695	-.539	.845	-.269	.762
	2	118.081	13.261	-3.574	-.857	1.222	-.418	1.164
	3	117.955	14.426	-3.815	-.947	1.307	-.455	1.264
	4	117.955	14.485	-3.829	-.953	1.311	-.457	1.269
	5	117.955	14.485	-3.829	-.953	1.311	-.457	1.269

Source: IBM SPSS 26 Output (2022)

Based on Table 9 and Table 10, the initial *-2 Log-Likelihood* value-form models that enter only constants is 161.523, while the final *-2 Log Likelihood* value for models with independent constants and variables is 117.955. The decrease in the value of *-2 Log-Likelihood* can be interpreted that the addition of independent variables, such as audit tenure, audit opinion, financial distress, company size, and firm size into the logistics model can improve the fit model or this research model is declared fit with data.

b. Testing the Feasibility of the Regression Model (Goodness of Fit Test)

Testing the feasibility of the Regression Model was assessed using Hosmer and Lemeshow's Goodness of Fit Test which was used to test the null hypothesis that empirical data matched the model.

Table 11. Testing the Feasibility of the Regression Model
Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	6.596	8	.581

Source: IBM SPSS 26 Output (2022)

Based on Table 11, the *chi-square* value is 6.596, and the Sig. value or the probability is 0.581. The significance value of 0.581 is greater than the significance level of 0.05, then H0 is accepted. That is, the model

can predict its observation value so that the model has met the feasibility test requirements of the regression model.

c. Coefficient of Determination (Nagelkerke's R Square)

The coefficient of determination test on logistic regression can be seen by using *Nagelkerke's R Square* to ensure that the value will vary from 0 to 1. *Nagelkerke's R Square* value can be said to be good if it is above 0.5 so that independent variables can explain and influence dependent variables.

Table 12. Coefficient of Determination
Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	117.955[a]	.304	.412

Source: IBM SPSS 26 Output (2022)

Based on Table 12, *Cox & Snell R Square*'s value is 0.304, and *Nagelkerke's R Square* value is 0.412. The value indicates the ability of independent variables to explain the influence on dependent variables is 41.2%, and the remaining 58.8% is explained by variables or other factors outside this research model.

d. Classification Table

The classification table test is used to explain the strength of the regression model to predict the likelihood of auditor switching in state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange.

Table 13. Classification Table Test
Classification Table[a]

Observed			Predicted		
			Auditor Switching (Y)		
			Do Not Experience *Auditor Switching*	Experience *Auditor Switching*	Percentage Correct
Step 1	*Auditor Switching* (Y)	Do Not Experience *Auditor Switching*	25	23	52.1
		Experience *Auditor Switching*	7	65	90.3
Overall Percentage					75.0

a. The cut value is .500

Source: IBM SPSS 26 Output (2022)

Based on Table 13, the accuracy rate of the logistic regression model in predicting is 75.0%. The predictive strength of the logistic regression model is likely to be that 90.3% of the companies experience auditor switching or as many as 65 companies out of a total of 72 observations of companies that experience auditor switching. Meanwhile, the predictive power of the regression model to predict the likelihood of companies do not experience auditor switching is 52.1%, or as many as 25 companies out of a total of 48 observations that do not experience auditor switching.

3. Formed Logistic Regression Model

Table 14. Logsitic Regression Model
Formed Variables in the Equation
Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Audit Tenure (X1)	-3.829	.784	23.871	1	.000	.022
	Audit Opinion (X2)	-.953	.606	2.476	1	.116	.386
	Financial Distress (X3)	1.311	.602	4.749	1	.029	3.712
	Company Size (X4)	-.457	.194	5.532	1	.019	.633
	Firm Size (X5)	1.269	.629	4.076	1	.043	3.558
	Constant	14.485	5.733	6.383	1	.012	1953005.267

Source: IBM SPSS 26 Output (2022)

CONCLUSION

This study examined the influence of audit tenure, audit opinion, financial distress, company size, and firm size on auditor switching in state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange from 2016 to 2020. Based on the results of research and discussion, a conclusion can be drawn as follows:

Audit tenure (X1) has a significance value of 0.000 and a coefficient of -3.829, then H_1 is not accepted due to the opposite direction of the coefficient of the hypothesis formed. This shows that audit tenure has no effect on auditor switching in SOEs listed on the IDX in 2016-2020. These results are supported by research conducted by Aminah, Werdhaningtyas, & Tarmizi (2017), Luthfi & Sari (2019), and Wati (2020), which also states that audit tenure has a no effect on auditor switching. This result proves that audit tenure does not have a positive effect on auditor switching because of the number of SOEs listed on the IDX that changes their auditor outside of the applicable audit tenure regulation.

Audit Opinion (X2) has a significance value of 0.116 and a coefficient of -0.953, then H_2 is not accepted because the significance value is greater than 0.05. This shows that the audit opinion has no effect on auditor switching in SOEs listed on the IDX in 2016-2020. These results are supported by research conducted by Dewi & Arfianti (2020), and Wardana & Challen (2018) who state that audit opinion does not affect on auditor switching. This result proves that the company will continue to use the same auditor even though the audit opinion received in the previous year is a qualified opinion.

Financial distress (X3) has a significance value of 0.029 and a coefficient of 1.311, the H_3 is accepted. This shows that financial distress has a significant positive effect on auditor switching. This result is supported by Sinarto & Wenny (2017), Wiguna, Endiana, & Kumalasari (2021) which states that financial distress has a positive effect on auditor switching. Companies experiencing financial distress prefer to use auditors who can provide audit services at a lower cost so that the audit fees can be reached by the company.

Company size (X4) has a significance value of 0.019 and a coefficient of -0.457, then H_4 is accepted. This shows that company size has a significant negative effect on auditor switching. This result is supported by Wati (2020), Dwiyanti & Sabeni (2014) who states that company size has a negative effect on auditor switching. This result proves a negative influence because most SOEs with large total assets that are used as samples have used auditors from Big Four accounting firms, thus reducing the tendency of companies to change their auditors.

Firm size (X5) has a significance value of 0.043 and a coefficient of 1.269, then H_5 is accepted. This shows that firm size has a significant positive effect on auditor switching. This result is supported by Wardana & Challen (2018), Muaqilah, Mus, & Nurwanah (2021), and Kholipah & Suryandari (2019) who state that KAP size has a positive effect on auditor switching. Companies tend to choose to use the audit services of Big Four accounting firms to get high audit quality and credibility so that this can maintain the company's reputation to investors and the public.

This study has several limitations that the research sample used is limited to BUMN companies listed on Indonesia Stock Exchange from 2016 to 2020 (5 years). This study only examined the influence of variable audit tenure, audit opinion, financial distress, company size, and firm size on auditor switching, meanwhile, many other independent variables can influence auditor switching such as audit fees and management turnover.

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