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Predictors of Auditor Changes: The Combined Effect Audit Characteristics and Client Governance

Bayu Tri Cahya[1*] , Jalal Luddin[2] , Nor' Asyiqin[3] ,Liana Miranti[4], Umi Hanifah[5]

[1*,2,4]IAIN Kudus,Indonesia, [3]Universiti Teknologi MARA (UiTM) Malaysia, [5]Universitas Duta Bangsa, Indonesia

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***Corresponding author**
e-mail:
bayu_cahya@iainkudus.ac.id

ABSTRACT

This study aims to analyse the effect of audit characteristics and client governance, which include audit tenure, going concern audit opinion, reputation of the Public Accounting Firm, company size, and the existence of an independent audit committee on auditor switching. This research uses a quantitative approach with an associative research type, which is sourced from the annual reports of non-financial companies listed on the Indonesian Sharia Stock Index (ISSI) and publishes its financial statements on the Indonesia Stock Exchange (IDX) for the period 2021 and 2022. The sampling technique used was purposive sampling with certain criteria, so that 46 companies were obtained as samples. The results of the analysis show that the audit tenure variable, the reputation of the Public Accounting Firm, company size, and the existence of an independent audit committee have a significant influence on auditor turnover. In contrast, going concern audit opinion does not show a significant effect on auditor turnover. The limitation of this study lies in the focus on non-financial companies listed on the ISSI, so the results may not be generalisable to other sectors. In addition, this study only considers certain variables and does not include external factors that may also affect the decision to change auditors. Future research is recommended to explore other variables that may affect auditor switching and expand the scope of research to different industry sectors to gain a more comprehensive understanding of this phenomenon.

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Introduction

In this era of globalization, many companies compete to improve the quality of their performance and dominate the market. The quality of the company's performance can be seen in its financial statements. Financial reports are also used as a form of responsibility issued by the company to parties with interest. (Saad & Abdillah, 2019). This makes it mandatory for financial statements to be audited by an objective and independent auditor to obtain reliable financial reports. As an auditor, you must also be able to position yourself as an independent auditor despite a long working relationship with the client. This can threaten the auditor's independence, as in agency theory. As agency theory describes, the conflict is the interest and information asymmetry between the principal (capital owner) and the agent (capital manager). This conflict can occur because the principal's wishes cannot be determined by what the agent is doing or vice versa; the agent is concerned with his interests by making misstatements or fraud that can cause losses to the company. Therefore, a third party, namely the auditor, is needed to bridge the principal and the agent so that unwanted things do not happen. (Endiana & Suryandari, 2021).

Improving the quality of auditors in the hope of getting or keeping clients that are already owned creates competition among Public Accounting firms. The best quality auditor is the one that the client will choose to work with. In addition, good auditor quality also determines how long the client will cooperate with the public accounting firms. The longer the collaboration between the client and the auditor, the more it can threaten the auditor's independence and lead to potential familiarity, damaging the quality of the resulting audit. (Adam Desvian Muhidin & Desy Arigawati, 2023). However, some people disagree with this. Suppose the collaboration between the auditor and the client is carried out quickly. In that case, it will get less than optimal results because it takes much time to get information and understand the company owned by the client (Pramaswaradana et al., 2023). (Pramaswaradana Indra Ngurah & Astika Putra Bagus, 2017).

Audit opinion is also essential in the audit process; it is the primary source of information that can be provided to users, which contains information about what the auditor has done and his conclusions. An unqualified opinion is not only an indicator of the successful performance of a business entity, government, or specific groups but also a standard of public reputation to improve the positive image of financial management and accountability. Companies that obtain an unqualified opinion tend to keep auditors the same. (Dewi et al., 2023). Companies can change auditors because of high audit costs (Johnson & Lys, 1990), (Hossain et al., 2014). In addition, company size can also affect how complicated the audit is and the decision to change auditors. (DeFond & Subramanyam, 1998), (Chen et al., 2023)

Auditing standards require auditors to identify, assess, and respond to client risks that could lead to significant errors in the financial statements. (PCAOB, 2014), (Wu et al., 2024) In the last few periods, auditors have made many violations or mistakes, which have indirectly made the public distrust the strategy of the public accounting profession. Some of these violation cases include the Enron case, the Ernest and Young case, the PT Kimia Farma case, the PT Great River International Tbk case, the PT Innovation Infracom Tbk case, and the financial case that occurred at PT Sunprima Nusantara Pembiayaan. (Ismiyati, 2019). Based on the above cases, one of the cases caused by auditor independence from clients is the Enron case. The case occurred at the Enron company in the United States, previously victorious and bankrupted. The bankruptcy happened due to the services of Arthur Andersen's auditors. The Enron company has used Arthur Andersen's auditor services for 20 years, so the relationship between the two is very familiar. However, this familiarity made Arthur Andersen not dare to tell Enron that there were misstatements in its financial statements. (Pramaswaradana Indra Ngurah & Astika Putra Bagus, 2017). Many recent studies have used audit adjustments to understand the workings and rigor of auditors. (C. S. Lennox et al., 2014), (He et al., 2018), (C. Lennox et al., 2018), (Hossain et al., 2014)

Auditor switching is also understood as a form of avoidance that is carried out so that the relationship between the client and the auditor does not become close. (Suwarno et al., 2020). Auditor switching can also be caused by changes in the company's environment, such as when the company wants an auditor who is more effective than the previous auditor or intends to use a different auditor and when the company wants an image increase. The company wants a small audit fee. There are various reasons why companies change auditors, such as dissatisfaction with the old auditor, wishing to save on audit costs, or changes in company structure. These changes can have an impact on the quality of the audit performed. (Firth, 1999), (Heliodoro et al., 2016)

Auditor Change has two characteristics: internal (voluntary) and external factors. Internal factors come from management, which decides to replace the previous auditor, or the auditor himself resigns. Meanwhile, external factors come from outside the company, such as the obligation to change auditors or audit rotation according to government regulations. (Dewi et al., 2023). In addition, voluntary auditor changes usually occur not because of regulations that require changing auditors but because other factors are contained in the client or auditor. Factors originating from clients, such as company size, and auditors, such as the size of the public accounting firms and the audit opinion given (L. D. Yanti & D. Yanti, 2023). (L. D. Yanti & Wijaya, 2020). Auditor changes can also change how auditors examine and assess their client's financial statements.(Petty et al., 1996), (Heliodoro et al., 2016). Auditor Change is strongly associated with changes in the company's economy and finances.(Palmrose, 1991),(Chen et al., 2023)

The Indonesian Financial Services Authority of Indonesia also issued regulation No. 13 /POJK.03/2017 on the utilization of public accounting services and accounting firms in financial services activities. The regulation prohibits the same public accountant from issuing opinions on companies using audit services for over three consecutive years. It requires a "cooling-off" period of at least two years after that. The benefit of this regulation is that the audited company gets a fresh perspective from its new accounting firm and prevents the risk of using the same accounting firm for too long a period. This aims to prevent the erosion of the independence of public accountants, especially if the auditor finds unusual accounting practices in the company being audited. (Putri & Tobing, 2019).

The company chooses a public accounting firm based on its reputation. The better the reputation of the public accounting firms, the more it is sure that more companies will cooperate to audit the company's financial statements. In this collaboration, if the auditor gets a large corporate client, he will be reluctant to let go of the client. He will continue to extend the cooperation because the more significant the client company, the *fee* earned is also large. This is because, in the reputation of public accounting firms, there are two sets, namely the Big Four set, which are outside the *Big Four* set. This is also related to company size, where a large company must have a lot of finance and vice versa. (Fauziyah et al., 2019). Company size is a variable that influences the decision to change auditors.(Chow & Rice, 1982), (Chen et al., 2023)

Several other factors influence auditor switching, one of which concerns audit opinion. The research entitled The Effect of Going Concerned, Audit Delay, Profitability, and Audit Committee on Auditor Switching shows that *going concern* audit opinion affects auditor *switching.* (Fenadi, 2019). Another study, The Effect of Financial Distress, Management Turnover, Audit Opinion and Reputation of Public Accounting Firm to Auditor Switching, also obtained the same results where audit opinion influences auditor switching (Zarefar et al., 2019). (Zarefar et al., 2019).. However, this is inversely proportional to the Analysis of Factors Affecting Manufacturing Companies in Indonesia Performing Switching Auditor research, where the results show that audit opinion does not significantly affect auditor switching (Winata & Anisykurl, 2019). (Winata & Anisykurlillah, 2017a).. The Effect of *Going Concern* Opinion, Management Change, Financial Difficulties, and Auditor Reputation on *Auditor Switching* also obtained the same results where *going concern* audit opinion did not influence auditor *switching (Yudha & Saputra, 2017).* (Yudha & Saputra, 2017).

The reputation of public accounting firms and company size can also influence auditor change. For example, a study entitled Analysis of Factors Affecting Manufacturing Companies in Indonesia Performing a Switching Auditor found that the reputation of public accounting firms and company size influence Auditor Change. (Winata & Anisykurlillah, 2017a).Another study, entitled The Effect of Financial Distress, Management Turnover, Audit Opinion, and Reputation of Public Accounting Firms on Auditor Switching, also obtained the same results, with the Reputation of Public Accounting Firms affecting *auditor switching (Zarefar et al., 2017a).* (Zarefar et al., 2019).However, a study entitled The Effect of Financial Distress, Company Size, Audit Opinion, and Reputation of Public Accounting Firms on Voluntary Auditor Switching in Manufacturing Companies Listed on the Indonesia Stock Exchange obtained results that were inversely proportional to the two studies, namely, the Reputation of Public Accounting Firms and company size did not affect auditor switching (Fauziyah et al., 2019). (Fauziyah et al., 2019)..

The independent audit committee also has an influence on auditor switching, as in the study entitled The Effect of the Proportion of the Independent Board of Commissioners, Audit Committee, *Financial Distress* and Company Size on *Auditor Switching* (Empirical Study of Mining Companies Listed on the IDX for the 2014-2019 Period) which obtained the results of the independent audit committee influencing auditor switching. However, this study's results differ from those of the study entitled The Effect of *Going Concern, Audit Delay, Profitability*, and Audit Committee on *Auditor Switching,* where the results show that the audit committee does not influence auditor *switching.* (Fenadi, 2019). This inconsistency in previous research findings regarding the influence of the audit committee on auditor switching highlights a significant research gap. Furthermore, previous research on Auditor Change, influenced by audit tenure, going concern audit opinion, Reputation of Public Accounting Firms, company size, and independent audit committees, has primarily focused on specific industries and periods. This study aims to address the gap by investigating the effect of a consistent audit committee on auditor turnover. In addition, it also expands the scope of analysis on non-financial companies listed on the ISSI. Thus contributing to a more comprehensive understanding of the factors that influence auditor turnover in a broader context.

This research was conducted to develop from previous studies because previous research on Auditor Change, which was influenced by audit tenure, going concern audit opinion, Reputation of Public Accounting Firms, company size, and independent audit committees, still needed to produce more consistent results. Researchers also try to do new things by researching non-financial companies listed on the ISSI. Based on this description, the researcher feels interested and motivated to study the effect of *audit tenure*, *going concern* audit opinion, Reputation of Public Accounting Firms, company size, and independent audit committee on auditor switching. This research will contribute to a more robust and nuanced understanding of the factors that drive auditor turnover in the Indonesian context, particularly for non-financial firms in recent periods. The focus of novelty lies in the study, which is on non-financial companies listed on the Sharia-based index, addressing the inconsistent findings regarding the effect of audit committees on auditor turnover and providing updated insights into the factors that influence auditor turnover in an evolving business environment.

Literature Review and Hypothesis Development

Literature Review

M.C. Jensen and W.H. Meckling define agency theory as a contract in which one or more people act as principals and engage another person as an agent to perform a service on their behalf, which involves delegating decision-making authority to the agent. If both parties in the relationship are utility maximizers, then there may be good reason to believe that the agent does not always act in the *principal's* interest. (Jensen & Meckling, 1976)..

This agency theory discusses the agreement between capital owners and financial management managers. It can be said that the principal's interests are to make a profit, while the agent's interests are only for personal fulfillment, such as economic and psychological needs. These different interests cause the two parties to only sometimes be in line, which causes a conflict of interest, often called moral hazard, which means a situation where risk arises due to the manager's actions. Still, these actions need to be discovered by shareholders and cause information asymmetry. (Efendi & Ulhaq, 2021).

Agency theory provides a useful framework for understanding the relationship between the various parties involved in the audit process. Variables such as auditor turnover, audit characteristics, and client corporate governance have a significant relationship with audit quality. With a comprehensive understanding of agency theory, appropriate and necessary steps are expected to be taken to improve audit quality and protect shareholders' interests.

Auditor change refers to the process by which a company replaces its external auditor who has previously conducted the audit of its financial statements. This change can occur for various reasons, including management dissatisfaction with the auditor's performance, shifts in company policy, or a desire to enhance audit quality. Research indicates that auditor change can significantly influence stakeholders' perceptions of the transparency and accountability of a company's financial reporting (Knechel, 2013).

Audit tenure is the duration of time that the same auditor conducts audits for a company's financial statements. This period can impact the auditor's independence and the overall quality of the audit. Studies have shown that longer audit tenures may lead to a decline in auditor objectivity, while shorter tenures can enhance audit quality, as new auditors may be more diligent in assessing risks (Carcello & Nagy, 2004).

A going concern audit opinion is an assessment made by the auditor regarding a company's ability to continue its operations for the foreseeable future, typically within one year. If an auditor issues a going concern opinion, it indicates significant uncertainty about the company's viability. This opinion can affect investor decisions and other stakeholders, potentially prompting auditor changes if the company believes the opinion could harm its reputation (Houghton et al., 2009).

The reputation of public accounting firms (PAFs) refers to the general perception of the quality and integrity of the services provided by these firms. A strong reputation can enhance stakeholder trust and attract more clients. Research suggests that companies are more likely to select reputable PAFs to ensure high-quality audits and mitigate the risk of errors in financial reporting (DeAngelo, 1981).

Company size is typically measured by total assets, revenue, or the number of employees. The size of a company can influence the complexity of its financial statements and the need for more in-depth audits. Larger companies tend to have more resources and a greater number of stakeholders, which can affect decisions regarding auditor changes. Studies indicate that larger firms are more likely to engage Big Four auditors due to the reputation and quality of services they provide (Francis, 2004).

An independent audit committee is a group composed of board members who are not involved in the day-to-day management of the company and are responsible for overseeing the audit process. The presence of an independent audit committee can enhance the quality of oversight and transparency in financial reporting. Research has shown that effective audit committees can reduce the risk of errors in financial statements and increase stakeholder confidence in audit reports (Klein, 2002).

Hypothesis Development

The Effect of Audit Tenure on Auditor Change

In general, too long cooperation between the auditor and the client will prevent the independent nature of the auditor from being doubted or disturbed. The disruption of the auditor's independent nature makes the company change auditors. This is also stated by (Maemunah & Nofryanti, 2019b). The longer the relationship between the auditor and the company, the more it can interfere with the auditor's independence. The same thing was also found by (Wati, 2020b) The auditor's independence will be maintained if he works with the same company briefly. So, the proposed hypothesis is:

H1: Audit tenure affects Auditor Change

Effect of *Going Concern* Audit Opinion on Auditor Change

Every company wants the opinion obtained from the auditor to be reasonable. However, the fact is that the auditor provides an opinion on the condition of the company being audited. Companies that receive going concern opinions indirectly feel disadvantaged because the views given by shareholders will undoubtedly change towards the company. In addition, the company will certainly change auditors if it gets a going concern opinion. Research conducted also obtained the same results. (Fenadi, 2019). Likewise, research was conducted by (Anisa and. Then, the hypothesis proposed is:

H2: Going concern audit opinion affects Auditor Change

The Effect of Reputation of Public Accounting Firms on Auditor Change

In general, companies will choose a public accounting firm with an excellent reputation to achieve a good financial statement audit and minimize the occurrence of auditor changes. Conversely, suppose a public accounting firm's reputation is not good. In that case, the company will doubt the financial statement audit results, and the company may change auditors if the results are less than good.

This is to the results of research conducted by (Winata Anisykurlillah, 2017a) because companies that have used public accounting firms' services that are members of the non-Big Four public accounting firms tend to make auditor changes. After all, they are considered to be of higher quality to maintain the company's reputation in the business environment. So, the proposed hypothesis is:

H3: Reputation of Public Accounting Firms Affects Auditor Change

The Effect of Company Size on Auditor Change

In general, companies make auditor changes based on the audit results issued by the auditor. Large-size companies will prefer auditors who provide audit results that meet company management's expectations. Auditor changes can occur if the company gets results that do not meet management expectations; it is not impossible with the conditions of a large company that will quickly change auditors every year without having to think about the company's financial problems. The company does this to get good audit results.

This is by research conducted by (Winata & Anisykurlillah, 2017a) That company size influences Auditor Change. This is also reinforced by the results of research conducted by (Halim, 2021a) Where company size also affects Auditor Change. So, the proposed hypothesis is:

H4: Company size affects Auditor Change

The Effect of Independent Audit Committee on Auditor Change

An independent audit committee can provide better oversight of the audit to improve audit quality, and investors will undoubtedly trust the company's financial statements more. Such supervision is expected to reduce conflicts between auditors and clients and minimize the risk of auditor change caused by adverse effects due to the length of the working relationship between auditors and clients. In addition, with adequate audit committee supervision, it is hoped that it can also pay attention to the selection of the reputation of external auditors.

This is by research conducted by (Nelyumna et al., 2021a) Where the independent audit committee affects Auditor Change. This is because the performance of an influential audit committee will select auditors who have effective performance as well, in other words, already have a big reputation (big four). Then, the proposed hypothesis is:

H5: Independent audit committee affects Auditor Change

Research Methodology

Research Location

The author's research on non-financial companies listed on the Sharia Stock Index and publishing their financial statements on the IDX for 2021-2022 is located here.

Research Population and Sample

The population is all incorporated into a group or object that researchers can use to generalize their research results. (Swarjana, 2022). In addition, the population also means everything used as an object in research, whether humans, animals, plants, objects, or maybe an event that can be used as a source of data with specific characteristics in research. (Purwanza et al., 2022). The population raised in this study are companies listed on the Indonesian Sharia Stock Index (ISSI) for 2021 or 2022.

A sample is a selected part of the population obtained through an investigation process or by determining its properties. It is also defined as part of the population obtained by using sampling techniques. (Purwanza et al., 2022)The sampling technique in this study was purposive sampling, namely, taking a sample using a technique of determining criteria or considerations based on the researcher's wishes or provisions. These considerations can vary according to the researcher's needs in conducting research. (Maharani & Bernard, 2018). The criteria taken in this study are as follows:

a) Non-financial companies listed on ISSI in 2021 or 2022.
b) Companies that publish their annual financial reports on the IDX for the 2021 or 2022.

Data Analysis Technique

The research data were analyzed using multiple linear regression models and processed using the Eviews version 12 assistance program. The multiple regression model equation in this study can be formulated as follows:

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + e}$$

Description:

Y = Auditor Change
X = *Audit* Tenure
X_2 = *Going Concern* Audit Opinion
X_3 = Reputation of Public Accounting Firms
X_4 = Company Size
X_5 = Independent Audit Committee
a = Constant
b = Coefficient
e = *Error Term*

Results And Discussion

Research Results

Hypothesis Testing

1. **Test Coefficient of Determination (*R Squared)***

The coefficient of determination measures how much variation or information the regression model can explain for variable Y. The R-squared value is in the range of 0 to 1. If the R-squared value is multiplied by 100%, it reflects the percentage of variation or information in variable Y that the regression model can explain. The higher the R-squared value, the better the regression model's ability to explain variations in the data.(Al, 2021) The following are the results of the coefficient of determination (R-squared) test in this study:

Table 1.1

Test Results of the Determinants Coefficient (R-Squared)

R-squared	0.430622
Adjusted R-squared	0.359449
S.E. of regression	0.390584
Sum squared resid	6.102250
Log likelihood	-18.81154
F-statistic	6.050413
Prob(F-statistic)	0.000293

Source: Eviews 12 Data Processing.

The Adj R Squared value is 0.359449, or 35.9449%. The coefficient of determination shows that the audit tenure variable, going concern audit opinion, Reputation of Public Accounting Firms, company size, and independent audit committee, can explain the auditor change variable (Y) by 35.9449%. In comparison, other variables explain the remaining 64.0551%.

2. **Test f**

Calculating the F table in this study using the Microsoft Excel application with the following formula (=F.INV.RT(probability;deg_freedom1; deg_freedom2) Description :

Table 1.2
F table values

F Table	
Probability	0,05
Sample Quantity	46
Number of Variables	5
F Table	**0.174982**

Source: Data processed, 2024.

The following are the results of the Simultaneous Test (F test) in the study as follows:

Table 1.3 Test Results f (simultaneous)

R-squared	0.430622
Adjusted R-squared	0.359449
S.E. of regression	0.390584
Sum squared resid	6.102250
Log likelihood	-18.81154
F-statistic	6.050413
Prob(F-statistic)	0.000293

Source: Eviews 12 data processing.

The calculated F value of 6.050413> F table is 0.174982, and the sig value is 0.000293 <0.05, then H0 is rejected, and Ha is accepted, meaning that audit tenure, going concern audit opinion, Reputation of Public Accounting Firms, company size, and independent audit committee simultaneously affect Auditor Change.

3. **Test t**

Calculate the t table using the Excel application with the formula (=TINV(probability;deg_freedom) Description Probability: 0.05 deg_freedom : number of samples-2

Table 1.4

Table T values

t table	
Probability	0,05
Sample Quantity	44
t table	**2,015368**

Source: Data processed, 2024

Based on the table, it is known that the t table value to test the hypothesis is 2.015368.

The following are the results of the partial test (t-test) in this study:

Table 1.5

Result of the t-test

Dependent Variable: PERGANTIAN AUDITOR
Method: Least Squares
Date: 04/26/24 Time: 01:07
Sample: 1 46
Included observations: 46

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.397300	0.748027	5.878532	0.0000
AUDIT_TENURE	0.325849	0.139154	2.341647	0.0243
OPINI_AUDIT_GOING_CONCERN	0.223434	0.137830	1.621079	0.1129
REPUTASI_KAP	-0.291469	0.134694	-2.163940	0.0365
UKURAN_PERUSAHAAN	-0.000618	0.000240	-2.568051	0.0141
KOMITE_AUDIT_INDEPENDEN	-0.455763	0.137362	-3.317963	0.0019

Source: Eviews 12 Data Processing.

The effect of the independent variable on the dependent variable partially is as follows:

a. The t value of the audit tenure variable count (X1) is 2.341647> t table, which is 2.015368, and the probability value is 0.0243 <0.05. Ha is accepted, and H0 is rejected, meaning audit tenure affects s.
b. The t value of the going concern audit opinion variable count (X2) of 1.621079 < t table, which is 2.015368 and a probability value of 0.1129> 0.05, then Ha is rejected, and H0 is accepted, meaning that going concern audit opinion does not affect Auditor Change.
c. The t value of the Reputation of Public Accounting Firms variable count (X3) is -2.163940 < t table, which is 2.015368, and the probability value is 0.0365 < 0.05, then Ha is accepted, and H0 is rejected, meaning that the reputation of public accounting firms affects Auditor Change.
d. The t value of the company size variable count (X4) of -2, 568051 < t table, which is equal to 2.015368 and probability value of 0.0141 < 0.05, then Ha is accepted, and H0 is rejected, meaning that company size affects Auditor Change.
e. The t value of the independent audit committee variable count (X5) of -3.317963 < t table, which is 2.015368, and the probability value of 0.0019 < 0.05, then Ha is accepted, and H0 is rejected, meaning that company size affects Auditor Change.

Discussion

The Effect of Audit Tenure on Auditor Change

The Prob value can be obtained based on the hypothesis test analysis above. 0.0243 <0.05 means that the audit tenure variable influences Auditor Change. It can be interpreted that the change of auditors in each company can be influenced by how long the company cooperates with the auditor.

This research aligns with research conducted by Maemunah and Nofryanti in 2019, where the results obtained by audit training influence Auditor Change.(Maemunah & Nofryanti, 2019a) This is corroborated by research conducted by Wati in 2020, which found that audit tenure influences auditor change.(Wati, 2020a) The results, which align with research conducted by Rizky et al. in 2022, show that audit tenure affects *auditor switching*.(Rizky et al., 2022) The results of this study show that the length of the *audit tenure* carried out by the company and public accounting firms can influence the company's decision to change auditors. If the cooperation between the company and public accounting firms is too long, it can disrupt the auditor's independence.

Agency theory reveals that a misalignment of interests between agents and principals can result in problems such as a lack of impetus for close supervision. In auditing, this mismatch of interests can affect the length of the audit tenure, which can be seen in the relationship between company management and auditors. The longer the cooperation, the more extraordinary the relationship between the company and public accounting firms, which results in a lack of auditor independence, which can lead to non-credible audit results, so that the audit results issued cannot be used as a guarantee of the fairness of a company's financial statements. This can trigger the company to change auditors to get credible audit results.

Effect of *Going Concern* Audit Opinion on Auditor Change

The prob value can be obtained based on the analysis results in the hypothesis test above. 0.1129> 0.05 means that the going concern audit opinion variable does not affect Auditor Change. This is because the going concern audit opinion given by the auditor for the company is an accurate picture of the company itself. The company's management has also prepared a solution for the problem or going concern audit opinion given by the auditor so that these problems do not influence the voluntary change of auditors.

This research is in line with Rizky et al. in 2022, which shows that the results of audit opinion do not affect audit switching. This is because all auditors have a comprehensive view and audit quality competent enough to assess the company's viability, so they will always be objective about their work.(Maemunah & Nofryanti, 2019)

In agency theory, audit opinion can be explained through the relationship between company management, auditors, and owners. Companies and auditors may have built a long-term relationship where changing auditors is difficult because the company is satisfied with the auditor's performance. The audit opinion will likely not change their decision to change auditors.

The Effect of Reputation of Public Accounting Firms on Auditor Change

The Prob value results can be obtained based on the hypothesis test analysis above. 0.0365 <0.05 means that the Reputation of Public Accounting Firms variable affects the Auditor Change. The better the reputation of a public accounting firm, the smaller the auditor change made by the company, and vice versa. If the reputation of a public accounting firm is not good, it is more likely that the company will change auditors.

This is supported by research from Halim in 2021, which shows that auditor reputation affects Auditor Change. The higher the reputation of the public accounting firms listed in the *Big Four, the* greater the company's costs for these auditors' services. Investors tend to trust the Big Four public accounting firms more when assessing a company's performance. Auditors from Big Four public accounting firms are considered to have more adequate qualifications than auditors from Big Four public accounting firms.(Halim, 2021)

The company hopes that working with a public accounting firm with a good reputation can lift its image. In addition, working with a reputable public accounting firm is expected to provide a sense of trust to investors who will invest their shares in the company. With a good reputation, public accounting firms are more capable of maintaining independence and integrity in providing audit opinions. A strong reputation can reduce agency risk by ensuring that independently and accurately audited financial statements are presented to shareholders and other stakeholders.

The Effect of Company Size on Auditor Change

The Prob value results can be obtained based on the hypothesis test analysis above. 0.0141 <0.05, then the company size variable affects Auditor Change. This can be interpreted as the more significant the company's size, the more frequent auditor changes.

This research aligns with Winata and Anisykurlillah's 2017 study, which found that company size influences Auditor Change.(Winata & Anisykurlillah, 2017b) This is also reinforced by the results of research conducted by Halim in 2021, where company size also affects auditor switching.(Halim, 2021) Large-size companies will prefer auditors who provide audit results that meet company management's expectations. In other words, company management will change auditors if they are not satisfied with the results provided by the auditor. The company does this to obtain good audit results on the company's side. This does not rule out the possibility of companies of large sizes changing auditors every year if they do not get audit results by the wishes of company management due to sufficient finances.

Agency theory highlights the mismatch of interests between company owners (principals) and company management (agents), which may influence decisions related to auditor selection. Companies with larger sizes tend to have less frequent auditor changes, as they have more significant resources to maintain long-term relationships with their auditors. However, larger companies may also face more agency pressure, which may cause them to change auditors to increase transparency and accountability.

The Effect of Independent Audit Committee on Auditor Change

Based on the results of the hypothesis test analysis above, the Prob value can be obtained. 0.0019 <0.05, then the independent audit committee affects Auditor Change. When a company changes auditors, the audit committee often ensures that the change is carried out transparently, ethically, and in the interests of the company and shareholders.

This research is in line with research conducted by Safriliana and Muawanah in 2019, which shows that the audit committee affects audit switching.(Safriliana & Muawanah, 2019) The more audit committee members with expertise and experience in accounting and finance, the more influential the supervision will be. This can potentially improve the quality of the company's financial statements. Research conducted by Nelyumna et al. in 2021 shows that the audit committee significantly affects *auditor switching*.(Nelyumna et al., 2021b)

In the context of agency theory, the audit committee is one of the essential instruments in facilitating a healthy agent-principal relationship and ensuring that the interests of company owners are adequately safeguarded by management. Company management will take various actions to maintain good company performance so that shareholders continue to trust the credibility of the financial statements presented by the company as a description of the company's overall performance activities by forming a competent audit committee by management interests. The more effective the audit committee, the audit committee will appoint a qualified external auditor (Big Four).

Conclusions

Based on the testing, processing, and data analysis results, it can be concluded that audit tenure, Reputation of Public Accounting Firms, company size, and independent audit committee can affect auditor switching. Meanwhile, going concern audit opinion cannot affect Auditor Change. The company will prefer to retain the auditor and correct the findings of the audit results rather than incur more costs to make a new auditor change.

Research Implications

Based on the research results, the implications are expected to provide ideas regarding the influence of Auditor Change factors on the company. In addition, the results of this study can be used as a reference for auditors to maintain their independence and professionalism. Future research should not focus on the same variables and is expected to conduct research with broader aspects.

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