

How Audit Delays, Financial Distress, and Audit Opinions Affect Auditor Switching? A Study on Food and Beverage Companies in Indonesia

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ABSTRACT

Auditor switching is the process of replacing an old auditor or public accounting firm with a new one. Companies that use a Public Accounting Firm (KAP) for a long period of time can result in a family relationship between the two, which can affect audit quality. The purpose of this study is to analyze the effect of audit delays, financial distress, and audit opinions on auditor switching. The population of this study is the food and beverage manufacturing companies in Indonesia and have been listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period. Using a purposive sampling technique method, nine companies were selected for the study. The data informing this study are secondary data whose sources come from the audited financial statements of food and beverage companies listed on the IDX. The technique used is documentation using historical data. The data analysis technique used logistic regression analysis with $p < 0.05$. The results of the study indicated that audit delays and audit opinions have no effect on auditor switching while financial distress affects auditor switching. The study implication is that auditors and regulators need to shift their focus, instead of prioritizing audit opinions and timeliness as drivers of auditor retention, they should pay greater attention to the financial health of their client companies.

Keywords: Audit Delays, Audit Opinions, Auditor Switching, Financial Distress

1. Introduction

The manufacturing industry, including the food and beverage sector, plays an essential role in the economy of a country through its contribution to Gross Domestic Product (GDP) and

its role in job creation. However, the pressure from changing consumer trends, intense competition, and the rapidly developing global market dynamics require food and beverage companies to maintain financial stability and ensure that every business decision is based on accurate and reliable data and reporting (Darsono, 2005).

The selection of the right auditor is crucial due to their role in evaluating, overseeing, and providing recommendations on the financial condition of companies and internal controls. When facing financial instability or significant changes in operations, food and beverage companies often choose to replace their auditors to gain a fresh perspective more suited to their needs (Nainggolan et al., 2022). To navigate the complexities of the industry and maintain the trust of investors and other stakeholders, strategic steps like auditor switching must be taken to reinforce the financial and operational stability of the company (Hidayatulloh, 2023).

Tambunan (2014) stated that auditor switching is the termination of the relationship between a company and its previous auditor, replaced by a new auditor. The limitation of engagement periods is regulated in the Financial Services Authority Regulation No. 09 of 2023, Chapter III, Article 7 (two), on “Audit Services Limitation,” which stipulates that a public accountant acting as the engagement partner for an entity can only provide general audit services for the financial statements for a maximum of five consecutive reporting years (OJK, 2023). After that, there must be a two-year break before the same public accountant can be re-engaged (Financial Services Authority, 2023).

Companies using the same Public Accounting Firm (KAP) for an extended period may result in a familial relationship between the two, potentially affecting the quality of the audit. The limitation of contract duration causes binding time limitations and results in auditor switching. Auditor switching needs to be studied because such actions reflect the credibility of the company’s financial reporting (Dewi et al., 2023a).

The collapse of Enron in 2002, involving Arthur Andersen’s PAK, not only shocked the global financial markets but also raised deep concerns about auditor independence. This case affected the global financial market and caused a significant drop in stock prices in Europe, America, and Asia (Berliana, 2023). It raised doubts about auditor independence for many people worldwide (Dewi et al., 2023b). Auditor switching gained global attention as a step to strengthen independence and integrity in the audit process after the Enron incident and similar cases. The Enron case serves as a real-world example of how the dual role of auditors

as consultants can threaten the independence and integrity of the audit (Castellani, 2023). Therefore, regulatory bodies like Badan Pengawas Pasar Modal (now part of the Otoritas Jasa Keuangan) in accordance with OJK Regulation No. 9, 2023 and others globally have implemented rules separating audit and consulting services to safeguard against conflicts of interest and maintain public trust in corporate financial statements. This separation is a key aspect of corporate governance that ensures auditors maintain independence and objectivity while performing their duties of reviewing financial accuracy.

Auditor switching in Indonesia, particularly in the food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX), such as PT FKS Food Sejahtera Tbk, has been using the same auditor for four years, and audit delays reached 120 days (in accordance with OJK Regulation No. 29/POJK.04/2016). However, data show that there are delays in audit beyond 120 days from 2017 to 2019, where the auditor should have recognized the company's condition (Marisa et al., 2022).

Factors affecting auditor switching include audit delays. Delays in the publication of financial statements can impact decisions by stakeholders and create a negative perception of the company. If there is an audit delay, it can affect the company's ability to raise investment funds from investors and potentially lead to auditor switching (Marisa et al., 2022). Research conducted by Berliana et al. (2023), Castellani et al. (2023), Kuzaemah et al. (2023), and Hayati et al. (2021) has proven that audit delays influence auditor switching. However, studies by Dewi et al. (2023a), Marisa et al. (2022), and Bakar and Syofyan (2023) showed that audit delays do not influence auditor switching.

Auditor switching in a manufacturing company can also be influenced by financial distress. Financial distress refers to a situation where a company's performance declines due to high expenditures, excessive illiquid assets, poor financial planning, and threatened revenues (Anwar, 2023). A decline in financial performance may lead management to switch auditors because they cannot afford the high audit costs due to declining financial conditions (Nainggolan et al., 2022). Studies by Castellani et al. (2023), Dewi et al. (2023), Elisabeth (2021), Kuzaemah et al. (2023), and Simatupang and Djamburi (2022) have shown that financial distress affects auditor switching. In contrast, studies by Berliana et al. (2023) and Silitonga and Hutapea (2022) found that financial distress does not affect auditor switching.

Audit opinions can also influence the decision to switch auditors. This situation arises when a client disagrees with the audit opinion previously provided by the auditor. As a result,

management may dismiss the auditor for providing an opinion that the company did not expect regarding its financial statements (Elisabeth, 2021). Research conducted by Dewi et al. (2023), Elisabeth (2021), and Silitonga and Hutaapea (2022) has proven that audit opinions influence auditor switching. However, research by Hayati et al. (2021), Setyoastuti et al. (2020), and Simatupang and Djamburi (2022) concluded that audit opinions do not influence auditor switching.

The data for this study is obtained from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange (BEI). This is significant because, as stated by the Minister of Industry, Agus Gumiwang Kartasasmita, on January 26, 2023 (Press Release of the Ministry of Industry, 2023), the manufacturing industry still contributes the largest share of investment compared to other industries. This indicates that the level of confidence in Indonesia remains high. Manufacturing sector investments increased by 52% in 2022, reaching IDR 497.7 billion. To enhance investor confidence in the manufacturing industry, there must be adherence to regulations, especially those from the Financial Services Authority (OJK), particularly concerning auditor independence in the examination of financial statements for public companies. One such regulation is the requirement for auditor switching (Anwar & Handayani, 2023).

Since this research took place in 2024, it is necessary to take data from 2019-2023, as this period provides the most recent and relevant data from companies that offer a clear overview of their financial statements. By utilizing the latest period, the study aims to provide an accurate and up-to-date reflection of industry practices, with the expectation that it will influence the research outcomes.

Based on previous studies, which have yielded inconsistent results, the researchers are interested in exploring how audit delays, financial distress, and audit opinions potentially impact auditor switching on the food and beverage sector, which plays an essential role in the economy of a country through its contribution to Gross Domestic Product (GDP) and its role in job creation. This research will be useful as a benchmark and as a decision-making tool for management in considering auditor switching, especially when the company faces financial difficulties. For public accounting firms, this research will be beneficial for auditors as a source of information regarding the practice of auditor switching conducted by companies. Also, for investors, this research will be useful as information and material for

them in making investment decisions in companies with specific performance based on audit reports.

2. Literature Review

Theoretical Background

Jensen and Meckling (1976) developed agency theory, which describes an agency relationship as one arising from a contract established between a principal and an agent to perform services in the principal's interest. There are two forms of agency: the relationship between management and shareholders and the relationship between management and lenders (bondholders). The principal authorizes the agent to manage the company and make necessary decisions on behalf of the principal. In this case, the agent must report to the principal on the company's condition. Theoretical evidence regarding auditor switching is based on agency theory (Hidayatullah, 2022). In agency theory, an independent auditor acts as an intermediary between the principal and the agent, who have conflicting interests. The independent auditor aims to reduce agency costs resulting from self-interested managerial behavior (Kuzaemah, 2023).

According to agency theory, as a company grows, owners will experience difficulties in monitoring manager performance. The inability of company owners to effectively supervise managers can increase the risk of conflicts of interest (Jensen, 1976). In this situation, to meet the needs of both principals (shareholders) and agents (managers), companies often change auditors to find one that better suits their needs (Simalango & Siagian, 2022). When shareholders appoint managers as managers and decision-makers for the company, an agency relationship is formed between the two. Managers are morally responsible for increasing shareholder value. Auditors act as mediators in resolving these conflicting interests (Mahdatila et al., 2022).

Audit delays are inseparable from agency theory. Audit delays are closely related to the timeliness of financial statement disclosures. If information is not delivered on time, the value of the information in the financial statements will be diminished (Kuzaemah, 2023). One sign of audit delays in a company is increased agency costs required to restore investor confidence, for example, through the disclosure of additional information. The longer or more frequent audit delays occur, the greater the agency costs the company must bear (Dewi et al., 2023a).

Furthermore, agency theory is also closely linked to financial distress, particularly regarding information disclosure and decision-making. When a company experiences financial difficulties, managers may feel compelled to conceal negative information to protect themselves (Mahdatila, 2022). This can exacerbate audit delays and diminish the trust of company owners. In this situation, agency costs increase because owners need to expend more resources to obtain more transparent and accurate information, either through additional disclosure or explanations from auditors (Marisa, 2022). Therefore, the application of agency theory is crucial for managing risk and maintaining the stability of company value during periods of financial instability.

A mediator is needed to mitigate conflicts between principals and agents. In agency theory, independent auditors act as mediators between agents and principals because both have different interests (Marisa, 2022). Independent auditors play a role in mitigating costs arising from conflicts of personal interest. Furthermore, independent auditors are also tasked with providing objective audit opinions regarding the fairness of the financial statements of the companies they audit, ensuring that the financial information is transparent and credible to all stakeholders (Pratama & Shanti, 2021).

Hypothesis Development

The Impact of Audit Delays on Auditor Switching

Audit delays, according to Ashton et al. (1987), are the period between the fiscal year-end of a company (December 31) and the date the independent auditor's report is completed. The delay in publishing the financial statements can affect the decisions of stakeholders and create suspicion among capital market players (Ashton et al., 1987). Financial statement information serves as a basis for investors' decision-making, and delays in publishing financial reports can hinder the company from obtaining crucial investments necessary for its operations (Elisabeth, 2021). The longer the audit delay, the greater the likelihood the company will switch auditors. Based on the explanation above, the hypothesis is formulated as follows:

H₁: Audit delays influence auditor switching.

The Impact of Financial Distress on Auditor Switching

According to Darsono (2005), financial distress refers to a company's inability to meet its obligations when they come due, potentially leading to bankruptcy. This condition can be measured by the company's total debt. When a company's total debt exceeds its total assets, it is unlikely to be able to meet its short-term and long-term obligations, including the obligation to pay the auditor's fee. This situation may prompt an auditor to resign from the engagement (Hayati et al., 2021). Additionally, companies experiencing financial distress tend to replace auditors with those offering lower audit fees (Mahdatila et al., 2022). Based on this explanation, the hypothesis is formulated as follows:

H₂: Financial distress influences auditor switching.

The Impact of Audit Opinions on Auditor Switching

An audit opinion is a statement issued by an auditor about a financial statement after conducting an audit (Kariyoto, 2017). According to auditing standards set by the Indonesian Institute of Public Accountants (IAPI), the auditor's report must include an opinion on the financial statements as a whole, asserting whether the statements are presented fairly (Naili, 2020). If an overall opinion cannot be provided, the reason for this must be stated. When the auditor's name is associated with the financial statement, the auditor's report must clearly outline the nature of the audit work performed and the level of responsibility assumed by the auditor (Nainggolan et al., 2022). Based on the above description, another research hypothesis is formulated as follows:

H₃: Audit opinions influence auditor switching.

Research Framework

Based on the above literature review and hypothesis development, the conceptual framework is developed. It shows the relationship between the independent variables, namely audit delays, financial distress, and audit opinions, and the dependent variables, namely auditor switching:

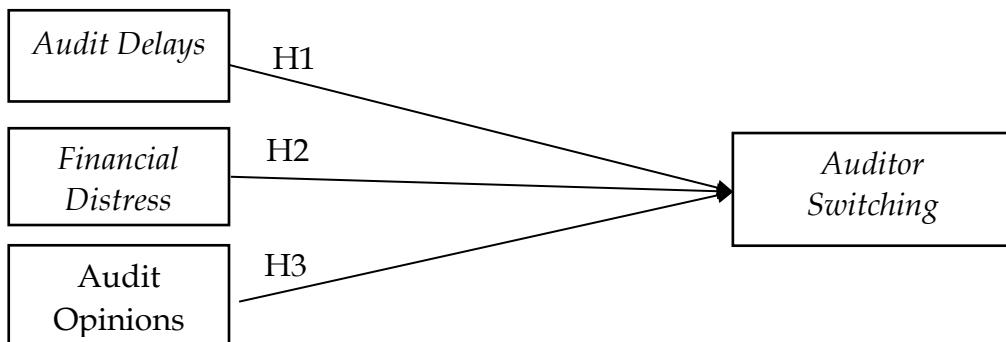


Figure 1. Research Framework

3. Research methodology

Operational Definition of Variables

Table 1. Operational Definition of Variables

No	Research Variable	Dimension	Indicator	Scale
1	Auditor Switching (Dependent)	Companies that perform auditor switching	1 = Auditor switching occurs 0 = No auditor switching	Nominal
2	Audit Delays (Independent)	Delays in the auditing process	Audit Delay = Date of Audit Report – Date of Financial Statement Closing Altman Z-Score Formula: $Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$ Interpretation: a. If $Z > 2.6$: Not Bankrupt b. If Z between 1.1-2.6: Gray Area (Potential Bankruptcy) c. If $Z < 1.1$: Bankrupt	Ratio
3	Financial Distress (Independent)	Altman Z-Score Model	a. If $Z > 2.6$: Not Bankrupt b. If Z between 1.1-2.6: Gray Area (Potential Bankruptcy) c. If $Z < 1.1$: Bankrupt	Nominal
4	Audit Opinions (Independent)	Results of the audit opinion by the auditor	1 = Unqualified Opinion 0 = Other than unqualified opinion	Nominal

The scope of this research focused on auditing, particularly on how auditor switching is influenced by audit delays, financial distress, and audit opinions. The study was conducted using companies in Indonesia operating in the food and beverage manufacturing subsector, which have been listed on the Indonesia Stock Exchange (IDX) during the period of 2019-2023. The reason for selecting IDX as the research location was because it was the primary stock exchange in Indonesia with comprehensive and well-organized financial data and company-related information.

The population for this study consists of companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2023. The sampling technique used was purposive sampling, which focuses on selecting samples based on certain characteristics. The specific characteristics for inclusion in this study were:

1. Manufacturing companies in the food and beverage subsector listed on IDX.
2. Manufacturing companies in the food and beverage subsector that have been continuously listed on IDX from 2019 to 2023.
3. Manufacturing companies in the food and beverage subsector that report financial statements in Rupiah during the 2019-2023 period.
4. Manufacturing companies in the food and beverage subsector that have performed auditor switching at least twice during the period of 2019-2023.

Based on these criteria, a total of nine companies were selected which meets the three criteria above as the sample for the study, with a 5-year observation period. The total number of observed data was 45 companies.

This research used secondary quantitative data. The sources of this data were the audited financial statements of food and beverage companies listed on IDX during the period from 2019 to 2023. Data on the Public Accounting Firms (KAP) auditing these companies during the specified period were also obtained to assign dummy variables for auditor switching. Financial statements and other relevant financial information were gathered from the official IDX website at www.idx.co.id.

The data consists of secondary data in the form of annual reports and financial statements from the period of 2019 to 2023 concerned with audit delays, financial distress, audit opinions, and audit switching. These documents can be accessed from the official IDX website and include information related to food and beverage companies listed on IDX.

The data analysis in this study was logistic regression. This analysis tests whether the occurrence of the dependent variable can be predicted by the independent variables. According to Ghazali (2016), logistic regression is actually similar to discriminant regression, to test whether the probability of the occurrence of a non-metric (nominal or ordinal) dependent variable with two categories can be predicted by the independent

variables consisting of one or more metrics (interval or ratio) and non-metric variables. The logistic regression analysis in this study examines the effect of audit delay, financial distress, and audit opinion on auditor switching. The logistic regression model used in this study was as follows:

$$\ln \frac{\text{Switch}}{1-\text{Switch}} = b + \beta_1 \text{AD} + \beta_2 \text{FD} + \beta_3 \text{AO} + e$$

Note:

$\ln \frac{\text{Switch}}{1-\text{Switch}}$: Auditor Switching

b : constant

$\beta_1, \beta_2, \beta_3$: Regression Coefficient

AD : Audit Delays

FD : Financial Distress, measured by using Altman Z-Score Model

AO : Audit Opinions

e : Error

4. Results

Descriptive Statistics

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Delays	45	59	235	108,24	33,792
Financial Distress	45	-7.95	16.24	3.8630	6.16441
Audit Opinions	45	0	1	0.93	0.252
Auditor Switching	45	0	1	0.49	0.506
Valid N (Listwise)	45				

Based on the results of the descriptive statistical testing conducted in this study, the main findings related to auditor switching, audit delays, financial distress, and audit opinions are as follows:

Auditor Switching

Dummy variables are used to measure whether the company conducts auditor switching or not. Companies that perform auditor switching are given the code 1, and those that do not are given the code 0. Data distribution shows a minimum value of 0.00, a maximum value of 1.00, an average of 0.49, and a standard deviation of 0.506.

The average of 0.49 indicates that approximately half of the companies in the sample performed auditor switching during the period from 2019 to 2023. Based on these findings, several companies that performed auditor switching two times during the study period are: Delta Djakarta Tbk, Pantai Indah Kapuk Dua Tbk, Siantar Top Tbk, Tigaraksa Satria Tbk and Wahana Pronatural Tbk. Several companies that performed auditor switching three times during the study period are: Tri Banyan Tirta Tbk, Andira Agro Tbk, Estetika Tata Tiara Tbk, and Dua Putra Utama Makmur Tbk.

Audit Delays

Audit delays are measured by the difference between the audit report date and the financial statement closing date. Data distribution shows a minimum value of 59 days, a maximum value of 235 days, with an average of 108.24 days. This indicates that, on average, companies take 108.24 days to complete their audit. The company Pantai Indah Kapuk Dua Tbk in 2023 shows the minimum audit delay of 59 days, while Dua Putra Utama Makmur Tbk in 2020 shows the maximum audit delay of 235 days.

Generally, the average company in the food and beverage sector has complied with the Financial Services Authority (OJK) regulation, which requires the financial statements to be submitted no later than the end of the fourth month after the fiscal year ends.

Financial Distress

Financial distress is measured using the Altman Z-Score, which assesses a company's financial health based on several financial ratios. Data distribution shows: Minimum value of -7.95 (company Estetika Tata Tiara Tbk in 2020), maximum value of 16.24 (company Delta Djakarta Tbk in 2020). An average of 3.8630, with a standard deviation of 6.16441.

On average, companies are not in financial distress, as reflected by the Z-scores indicating they are not in the risk of bankruptcy. The relatively large variance suggests significant differences in financial conditions across companies in the sample.

Audit Opinions

Audit opinions are measured using a dummy variable, where 1 indicates a company received an opinion of unqualified (WTP), and 0 indicates any opinion other than WTP. Data distribution shows that: 42 samples (93%) of companies received an unqualified (WTP) opinion. 3 samples (7%) of companies received an opinion other than WTP, including: Tri Banyan Tirta Tbk in 2023, Estetika Tata Tiara Tbk in 2021, Dua Putra Utama Makmur Tbk in 2020

The majority of companies received an unqualified opinion, indicating that their financial statements were considered in accordance with accounting standards.

Overall, nearly half of the companies in the sample performed auditor switching during the 2019-2023 period, with some companies experiencing more than one auditor change. The average audit delay is 108.24 days, indicating that most companies comply with the OJK regulation on financial statement submission deadlines. On average, companies are not in financial distress, but some companies show significant bankruptcy risks based on their Z-scores. The majority of companies received an unqualified opinion, reflecting good quality financial statements.

These findings provide an overview of the characteristics of companies in the food and beverage sector regarding auditor switching, audit delays, financial distress, and audit opinions, as well as potential relationships between these variables.

Inferential statistics

Model Feasibility Tests

Table 3. Hosmer and Lemeshow's Goodness of Fit Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	11.983	7	.101

Source: Output SPSS 30, 2024

Based on Table 3, the chi-square value is 11.983 with a significance value of 0.101, which is greater than 0.05 (Ghozali, 2016). Therefore, it can be concluded that the logistic regression model used is fit and the data adequacy is met, meaning there is no difference between the model and the data. This implies that the null hypothesis (H_0) is accepted and the alternative hypothesis (H_a) is rejected. Consequently, the logistic model generated in this study is capable of predicting its observations, and thus, the model can be accepted.

Table 4. Overall Model Fit Test

$-2LogL$	Nilai
Awal (Block Number = 0)	62.361
Akhir (Block Number = 1)	52.822
Penurunan $-2LL$	9.539

Based on Table 4, before the inclusion of the three independent variables, the value of $-2 \log L$ Likelihood was 62.361. After the inclusion of the three independent variables, the value of $-2 \log L$ Likelihood decreased to 53.846, showing a reduction of 9.539. This indicates that the resulting regression model is better (the null hypothesis is accepted), meaning that the hypothesized model fits the data. Therefore, this logistic regression model is suitable for use in further stages.

Table 5. Negerkerke R Square

Model Summary			
Step	$-2 \log$ likelihood	Cox & Snell R Square	Nagelkerke R Square
1	52.822 ^a	.191	.255

Source: Output SPSS 30, 2024

Based on Table 5, the Nagelkerke's R Square value is 25.5%, which means that 25.5% of the variability in the dependent variable can be explained by the independent variables, while

the remaining 74.5% is explained by other variables outside the model. It means that there are many variables outside the model that affect audit switching aside from audit delays, financial distress, and audit opinions.

Table 6. Classification Matriks

		Classification Table ^a			Percentage Correct
		Predicted		Not Perform Auditor Switching	Percentage Correct
Observed		Auditor Switching	Perform Auditor Switching		
Step 1	Auditor Switching	Not Perform Auditor Switching	15	8	65.2
		Perform Auditor Switching	6	16	72.7
		Overall Percentage			68.9

Source: Output SPSS 30, 2024

Based on Table 6, the overall predictive strength of the regression model to identify companies that perform auditor switching is 68.9%, with the model predicting that 24 companies will perform auditor switching. Based on actual observations, there were 22 companies that performed auditor switching. The table also shows that 21 companies did not perform auditor switching, with the actual number being 23 companies that did not perform auditor switching. The accuracy of the model's prediction is 68.9%.

Table 7. Simultaneous Test Results (F-test)

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	9.539	3	.023
	Block	9.539	3	.023
	Model	9.539	3	.023

Source: Output SPSS 30, 2024

Based on Table 7, the simultaneous test results show a chi-square value of 9.539 with a probability of 0.023. Since the probability level is less than 0.05, it can be concluded that the variables of audit delays, financial distress, and audit opinions simultaneously affect auditor switching.

Hypothesis Testing

Table 8. Hypothesis Testing (T-test)

Variables in the Equation						
		B	S.E.	Wald	df	Sig.
Step 1 ^a	Audit Delays	-0.013	0.013	0.948	1	0.330
	Financial Distress	-0.119	0.060	3.952	1	0.047
	Audit Opinions	-21.925	22062.282	0.000	1	0.999
	Constant	23.539	22062.282	0.000	1	0.999
						16697461974.916

As shown in Table 8, the results of the logistic regression analysis indicate that the audit delay variable has a regression coefficient (β) of -0.013 with a significance value of 0.330, which is above 0.05. Therefore, it can be concluded that the audit delay variable does not affect auditor switching, and H1 is rejected.

The financial distress variable has a negative regression coefficient (β) of -0.119, indicating that for every increase in financial distress by 1 unit, auditor switching will decrease by 0.119 units. The significance value is 0.047, which is below 0.05. This shows that financial distress significantly affects auditor switching, and H2 is accepted.

The audit opinion variable has a regression coefficient (β) of -21.925 with a significance value of 0.999, which is above 0.05. Therefore, it can be concluded that the audit opinion variable does not affect auditor switching, and H3 is rejected.

Discussion

Audit delays refer to the length of time required to complete an audit, calculated from the financial year-end date to the date when the audit report is signed by the auditor. When the independent auditor's report is delayed, it impacts the delayed publication of financial statements. If the financial statements are delayed, the company will be penalized by the Financial Services Authority (OJK), and this can cause difficulties for stakeholders in making decisions, such as investment decisions by investors or credit decisions by creditors. To avoid such situations, the solution often adopted by companies in the general shareholders meeting (Rapat Umum Pemegang Saham) is auditor switching. Furthermore, the delay in auditing financial statements can create conflicts between the agent and the principal

according to agency theory. Therefore, auditor switching becomes a solution to improve the company's performance. However, the analysis shows that audit delays do not significantly affect auditor switching. This lack of significant effect is because the companies in the sample generally receive their audit reports within an average of 108.24 days after the year-end date. Thus, only 26.7% of the sample companies experienced a delay in the publication of their financial statements, as outlined in OJK Regulation No. 29/POJK.04/2016, which requires the submission and announcement of financial reports no later than the end of the fourth month after the company's financial year-end. The findings of this study are in line with Bakar and Syofyan (2023), who showed that auditor switching is not influenced by audit delays. Furthermore, research by Naili and Primasari (2020) also found that auditor switching is not influenced by audit delays.

Financial distress is a condition in which a company is unable to pay its debts to creditors. In a financial distress situation, where the company faces significant financial pressure, agency conflicts tend to increase. When a company experiences financial difficulties, managers may feel compelled to conceal negative information to protect themselves. This can exacerbate audit delays and diminish the trust of company owners. In this situation, agency costs increase because owners need to expend more resources to obtain more transparent and accurate information, either through additional disclosure or explanations from auditors. Therefore, the application of agency theory is crucial for managing risk and maintaining the stability of company value during periods of financial instability. If this situation persists, it may lead to bankruptcy. Clients experiencing financial distress are more likely to switch auditors, as they may need to hire a higher-quality auditor to regain the trust of stakeholders and enhance the company's credibility. As financial distress increases, the likelihood of auditor switching decreases, and as financial distress decreases, the potential for auditor switching increases. The analysis shows that financial distress significantly affects auditor switching. Companies facing financial distress tend to receive negative responses from investors, making investors less confident in the company's profitability. Additionally, the increase in audit fees when switching auditors for the first time is also unaffordable for companies facing financial distress. As a result, these companies are less likely to switch auditors to avoid negative perceptions from investors and to save on audit fees. This finding is also supported by the researchers' observation of financial distress and auditor switching in the case of Tri Banyan Tirta Tbk (ALTO) in 2021, which experienced financial distress with a Z-score value of 0.90 but still used the same audit firm, KAP Irfan Zulmendra, in 2022. Auditor switching in companies experiencing financial distress would

make the company's financial situation worse, as the audit fee is typically based on auditor hours. When using a new audit firm, the new auditor needs to gather information about the new client, understand the business environment, and this will extend the auditor's working hours, which increases audit fees. The results of this study align with Castellani et al. (2023), who found that auditor switching is influenced by financial distress. Similarly, research by Simatupang and Djamhuri (2022) and Kuzaemah et al. (2023) also found that auditor switching is influenced by financial distress.

Audit opinions refer to the auditor's statement regarding the fairness of the financial statements of the audited entity. This fairness involves materiality, financial position, and cash flows. According to the agency theory, management, as the agent, is assumed to have personal interests and aims to maximize these interests. Management generally desires a clean audit opinion to attract investors with the authority they possess. Management may decide to switch auditors if the company does not receive an unqualified opinion, as they tend to search for another auditor who will provide the opinion they expect. However, the analysis shows that audit opinions do not significantly affect auditor switching. This finding suggests that companies are unlikely to switch auditors, even if they do not receive an unqualified opinion. The lack of influence of audit opinions in this study is due to the fact that most of the companies in the sample received an unqualified opinion 42 out of 45 companies. Companies receiving either an unqualified opinion or any opinion other than an unqualified one will continue to operate well, and the audit process will not be delayed because of the audit opinion. Therefore, auditor switching is not influenced by the audit opinion. These findings are consistent with Elisabeth (2021), who showed that auditor switching is not influenced by audit opinions. Additionally, research by Hidayatullah and Amyar (2022) and Pratama and Shanti (2021) also found that auditor switching is not influenced by audit opinions.

5. Conclusion

Summary of Findings

Based on the research findings and hypothesis testing explained in the previous sections, it can be concluded that financial distress has a significant impact on auditor switching, whereas audit delays and audit opinions do not significantly affect auditor switching.

Audit delays have no significant effect on audit switching because most of the sample received their audit reports within the time range as regulated in Indonesia. But for companies experiencing financial distress, they tend to avoid negative perceptions from investors while also saving on audit costs, which often leads them to decide to switch auditors. While auditor switching is not influenced by audit opinion because companies receiving either an unqualified opinion or any opinion other than an unqualified one will continue to operate well, and the audit process will not be delayed because of the audit opinion

Practical Contributions

This study has two practical contributions as follows:

1. For public accountants, it is crucial to maintain independence and professionalism in assessing every issue thoroughly to avoid errors in issuing audit opinions.
2. For investors and potential investors, when making investment decisions, it is recommended not only to rely on financial statements but also to analyze the audit opinion received by the company. Understanding the background of the opinion, the reputation, and the independence of the auditor in providing the opinion can significantly aid in making more accurate investment decisions.

Limitations and Suggestions for Future Research

This study is limited to food and beverage companies for the years 2019-2023 with only three independent variables: audit delays, financial distress, and audit opinions. The results of the coefficient of determination test show that Nagelkerke's R Square value is 0.255, which means the independent variables can influence the dependent variable by 25.5%. The remaining 74.5% is influenced by variables outside the scope of the study. Additionally, there is limited reference materials regarding factors influencing auditor switching in the food and beverage sector. Therefore, it is hoped that future researchers will explore variables beyond those considered in this study, conduct further case studies on food and beverage companies, and extend the study period to understand the overall and broader conditions of companies.

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