



The Effect of Audit Delay, Company Size, and Public Accounting Firm (KAP) Size on Auditor Switching (Empirical Study on Banking Companies Listed on the Indonesia Stock Exchange for the Period 2019-2023)

Amartia Rachmawati¹, Diah Iskandar^{2*}
^{1,2} Universitas Mercu Buana, Jakarta, Indonesia

(* Corresponden Author: diah.iskandar@mercubuana.ac.id)

Article Info:

Abstract

Keywords:

Audit Delay;
Company Size;
KAP Size;
Auditor Switching;

Article History:

Received : 13-08-2024
Revised : 19-09-2024
Accepted : 25-09-2024

Article DOI :

<http://dx.doi.org/>

This study examines the effect of audit delay, company size, and KAP size on auditor switching, with the object of research in banking companies. Auditor switching is carried out by companies to maintain auditor independence in order to produce quality audit results. The purpose of this study is to empirically test the effect of audit delay, company size, and KAP size on auditor switching in banking companies. The population of this study includes banking companies listed on the Indonesia Stock Exchange with a purposive sampling approach which resulted in a sample of 39 companies. Data collection was carried out using secondary data sourced from the annual reports of banking companies listed on the Indonesia Stock Exchange for the period 2019 to 2023 and other official sources, and the data analysis method is logistic regression analysis using SPSS Statistics 25 software. This study concludes that Audit delay has no effect on auditor switching, Company size has a negative effect on auditor switching, and KAP size has no effect on auditor switching.

How to cite : Rachmawati, A., & Iskandar, D. (2024). The Effect of Audit Delay, Company Size, and Public Accounting Firm (KAP) Size on Auditor Switching (Empirical Study on Banking Companies Listed on the Indonesia Stock Exchange for the Period 2019-2023). *Countable (Contemporary Business and Sustainability Science)*, 1(2), 158-173. <https://ejournal.masyarakatjurnal.or.id/index.php/countable/article/view/28>



This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/). Any further distribution of this work must maintain attribution to the author(s) and the title of the work, journal citation and DOI.

Published under licence by Inisiatif Masyarakat Jurnal Indonesia (IMAJI) Publisher.

INTRODUCTION

Auditing is the process of collecting and evaluating evidence regarding measurable information about an economic entity to determine and report on the conformity of the information to established criteria, which is carried out by a competent and independent person. In Auditing, there is the term Auditor where in SPAP SA 200 (Revised 2021) Auditor is defined as an individual who carries out the audit who is usually called an engagement partner or other member of the engagement team (Institut Akuntan Publik Indonesia, 2021).

The role of auditors in providing audit services increases the demand for public accounting services, especially as the auditor profession develops, influenced by the growth of

public companies as a whole. This causes public accounting firms to compete with each other to get clients by trying to provide the best quality audit services and fair financial reports. Companies can use the same KAP or change KAPs because of the increasing number of KAPs. The change of auditors or public accounting firms driven by clients is known as auditor switching.

Auditor Switching can be done voluntary or mandatory. Indonesia is one of the countries that requires periodic changes in public accounting firms. In regulating restrictions to tighten supervision of Public Accountants who conduct audits of financial service providers, the Government has regulated auditor changes in government regulation No. 20 of 2015 which was stipulated through PMK No. 154/PMK.01/2017 which has now been refined to PMK No. 186/PMK.01/2021. In addition, the OJK also issued POJK Number 13 of 2017 which has now been refined to POJK Number 09 of 2023.

In Indonesia, there is a case related to the importance of companies doing auditor switching. Reported from an article on *bisnis.com*, Bank Harda Internasional which changed its name to Allo Bank Indonesia is dealing with illegal FTC products or securities sales schemes with high profit margins. To resolve this case, Bank Harda changed public accounting firms using KAP Kokasih, Nurdiyaman, Mulyadi, Tjahjo and Rekan which previously used the services of KAP Gani Sigiro and Handayani (Wiratmini, 2020).

Reported from the article *cnbcindonesia.com*, the Attorney General's Office has named the former President Director of Bank BTN as a suspect in the alleged corruption case of providing credit facilities to PT Pelangi Putra Mandiri and PT Titanium Properti. The Attorney General's Office examined Bank BTN's Internal Audit and requested information from the External Audit, namely KAP Purwantono, Sungkoro, & Surja because Bank BTN has not changed its KAP since 2013 to 2021 and has always received unqualified opinion (Anwar, 2020).

Factors that cause auditor switching can be caused by clients or auditors. Audit Delay is one of the factors that causes auditor switching, because users of financial statements will benefit from timely audits in decision making and information asymmetry will be reduced. Companies tend to do auditor switching if audit delay hinder their ability to increase investment capital from investors. Research conducted by Stevani & Siagian (2020) and Hayati et al. (2021) proves that there is a positive and significant influence on auditor switching. However, it is different from research conducted by Sriwardany & Dewi (2021) which proves that audit delay has no effect on auditor switching.

Another factor that influences companies to switch auditors is the company size. Aini & Yahya (2019) states that the value of the company's assets or wealth is used to determine the size of the company. Large companies usually use KAPs affiliated with the Big Four, often because incompatibility can result in termination of audit assignments or auditor switching, so the size of the company must be in accordance with the KAP. Research conducted by Pratiwi & Muliarta RM (2019) and Natalia & Purnomo (2020) proves that there is a positive and significant effect on auditor switching. However, this is different from research conducted by Irfan & Herliansyah (2019) proving that company size has a negative and significant effect on auditor switching. Research conducted by Stevani & Siagian (2020) and Naili & Primasari (2020) proves that there is no effect of company size on auditor switching.

The last factor causing auditor switching is the KAP size. Naili & Primasari (2020) stated that the size of the KAP is the size of a public accounting firm. KAP can be divided into two categories, KAP affiliated with the Big Four and KAP not affiliated with the Big Four. Clients who have previously used the services of a small KAP will be interested in using the Big Four KAP and conducting auditor switching. Research conducted by Natalia & Purnomo (2020) and

Muaqilah et al. (2021) proves that the KAP size has a partial positive and significant effect on auditor switching. However, this is different from research conducted by Kirana & Indriansyah (2022) and Nainggolan et al. (2022) which proves that the KAP size has no effect on auditor switching.

Although there have been many studies discussing auditor switching, there are still inconsistencies in the results of previous studies that make the author want to review some of these factors.

The objects used in this study are Banking Companies listed on the Indonesia Stock Exchange for the period 2019 to 2023. The selection of these objects is due to the enormous role of banking in advancing a country's income. In almost every sector related to various financial activities, the existence of banks is always needed. Because the role of banks is so important for society, society must of course be careful in choosing a good bank to store the funds they save.

LITERATURE REVIEW

Agency Theory

Jensen & Meckling (1976) defines agency relationship as the delegation of authority carried out by the owner of the entity (principal) to the management (agent) in which there is decision making to carry out a number of specific jobs on behalf of the principal in a legal cooperation contract. According to agency theory, shareholders and management have different goals and personal interests (self-interest), and the difference in interests between shareholders and management can result in information imbalance and asymmetry.

Jensen & Meckling (1976) also revealed that conflict of interest and information asymmetry between shareholders and management are the root causes of agency problems. Because agents may not always act in the best interests of the principal, this conflict arises and results in agency costs. In this case, the Company must use the services of auditors and KAP as a balancer and mediator to reduce the occurrence of agency costs that will arise from both interests and conduct auditor switching periodically to divide ownership and control of the business between the principal and agent because the public accounting firm and the role of the auditor play an important role in mediating this imbalance.

Auditor Switching

According to Pratama & Sudiyatno (2022), auditor switching is a change of auditor or change of KAP carried out by a company or client that has a specific reason and varies depending on the company. Aprilia & Effendi (2019) states that auditor switching is a client company's decision to change its auditor or public accounting firm in order to increase the company's value and profits. Machmuddah (2019) stated that auditor switching is a way to reduce the possibility of fraud being detected in the company's financial statements by auditors.

Suryandari (2020) states that auditor switching can be done mandatory or voluntary based on the company's management decision. Auditor switching voluntary if the company changes auditors not based on the time in the established auditor rotation regulations. Auditor switching mandatory if the company changes auditors in accordance with the obligations where the Government has regulated the change of auditors in Government Regulation No. 20 of 2015 concerning the Development and Supervision of the Public Accountant Profession where the provision of audit services to an entity by a Public Accountant is limited to a maximum of 5 consecutive financial years.

The Financial Services Authority also issued POJK Regulation Number 13 of 2017 in which Parties Carrying Out Financial Services Activities are required to limit the use of audit services for annual historical financial information from the same AP for a maximum of 3 consecutive financial years. Meanwhile, restrictions on the use of services from KAP depend on the results of the Audit Committee's evaluation. Then refined into POJK Number 09 of 2023 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities in which Parties in the form of commercial banks, issuers, and public companies are required to limit the use of audit services for annual historical financial information from the same AP for 7 cumulative years with a gap period of 5 (years), 3 (years), and 2 (years) consecutive financial years.

Audit Delay

Mubarok (2023) states that audit delay is the amount of time required by the auditor to examine the client's financial statements. This delay begins on the date of the end of the financial statement preparation period and continues until the audit report is issued. While Astuti & Dermawan (2021) revealing that audit delay is the amount of time required to complete the annual financial statement audit. This delay is measured based on the number of days required to obtain the independent auditor's report on the annual financial statement audit. This time span starts from the company's closing date, which is December 31, to the date stated in the independent auditor's report.

Company Size

According to Pratiwi & Muliarta RM (2019), company size is a scale or value that can classify a company into a large or small category that can be measured from the company's financial condition, namely total assets. Meanwhile Aini & Yahya (2019) stated that company size is the size of the value of a company's assets or wealth. Auditors assume that large companies are more likely to be able to overcome financial challenges and maintain business continuity in order to compete for funding than small companies. In general, there are three categories of company size. Here are some of those categories (Kirana & Indriansyah, 2022) :

1. Large Firm is a company that has annual sales results of more than IDR 50 billion
2. Medium Firm is a company that has annual sales results of less than IDR 50 billion
3. Small Firm is a company that has annual sales results of at least IDR 1 billion

KAP Size

According to Purba & Umar (2021), KAP size is a measure used to determine the size of a KAP. KAPs are divided into KAPs affiliated with the Big Four and those not affiliated with the Big Four. When compared to smaller KAP sizes, large KAP sizes will try to present more in-depth audit reports. KAPs affiliated with the Big Four are considered more effective in detecting fraud and have a high level of credibility. If a KAP is affiliated with the Big Four or has branch offices and serves large businesses with more than 25 professionals, it is considered a large KAP. If it is not affiliated and does not have branch offices, serves small businesses, and has fewer than 25 professionals, it is considered a small KAP.

Classification of KAP in Indonesia if done based on size can be divided into two, namely KAP affiliated with KAP Big Four and KAP not affiliated with Big Four. KAP in Indonesia affiliated with The Big Four as follows (Irmawati et al., 2023) :

1. KAP Purwanto, Sungkoro & Surja is affiliated with Ernst & Young.

2. KAP Satrio Bing Eny & Rekan which changed its name to KAP Imelda and Rekan is affiliated with Deloitte Touche Tohmatsu.
3. KAP Siddharta Widjaja, & Rekan is affiliated with Klynveld Peat Marwick Goerdeler (KPMG).
4. KAP Tanudiredja, Wibisana, Rintis & Rekan is affiliated with Price Waterhouse Cooper.

HYPOTHESIS DEVELOPMENT

1. The Effect of Audit Delay on Auditor Switching

Based on agency theory which states that shareholders give authority to management to manage the business. If the auditor is unable to complete the independent audit report on time, management will change the auditor. Stakeholders who rely on the company's financial statements can gain greater confidence if the audit report findings are published on time. As a result, businesses that experienced audit delays in the previous year are more likely to change auditors to maintain investor confidence. Research conducted by Stevani & Siagian (2020) and Darmayanti et al. (2021) proves that audit delay can affect banking companies in carrying out auditor switching.

2. The Effect of Company Size on Auditor Switching

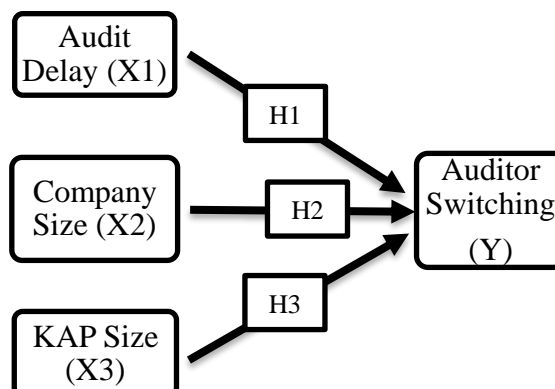
Based on agency theory, shareholders acting as principal will have difficulty monitoring management's actions as agents due to the large size of the company. As a result, management has a greater obligation to shareholders when choosing a public accounting firm to provide high-quality independent audit reports for the size of the company. Companies with greater incentives than smaller companies tend to retain public accounting firms. In this case, it can be concluded that the larger the company size, the smaller the management decision in conducting auditor switching. Research conducted by Irfan & Herliansyah (2019) and Aini & Yahya (2019) proves that company size can affect banking companies in carrying out auditor switching.

3. The Effect of KAP Size on Auditor Switching

Based on agency theory which states that humans are always motivated by their own interests, so that they need an impartial party to act as a mediator between shareholders and management. Management will use the services of a large KAP affiliated with the Big Four KAP because it is believed that it can produce quality financial report audits and can increase investor confidence in investing in the company. As a result, the larger the KAP used, the smaller the management decision in conducting auditor switching. Research conducted by oleh Natalia & Purnomo (2020) and Pratama & Sudiyatno (2022) proves that KAP size can affect banking companies in carrying out auditor switching.

Based on the theoretical basis above, the author describes the framework of thought as a flow of thought as follows:

Figure 1. Framework



Source: Author's Processed Results (2023)

Hypothesis

Based on the theoretical basis and results of previous research that have been described above, the hypothesis in this study is as follows:

- H1 : Audit Delay has a positive effect on Auditor Switching
- H2 : Company Size has a negative effect on Auditor Switching
- H3 : KAP Size has a negative effect on Auditor Switching

METHOD

Type of Research

The type of data in this study is quantitative research with a causal study research design. Sahir (2021) explains that quantitative research methods use statistical tools for data processing. As a result, the results and data obtained are presented numerically and emphasize objective results. The quantitative data in this study are the financial reports of banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 to 2023 obtained from the official IDX website at *www.idx.co.id*.

Operational Definition of Variables and Measurement of Variables

According to Sahir (2021) a research variable is a component determined by a researcher to be studied in order to obtain a formulated answer in the form of a research conclusion. In this study, the dependent variable or the variable that is influenced is Auditor Switching (Y). While the independent variable is a variable that influences the dependent variable, namely Audit Delay (X1), Company Size (X2), KAP Size (X3). The operationalization of the variables used in this study is as follows :

Table 1. Variable Measurement

No	Variable Name	Indicator	Measurement Scale
1	Auditor Switching (Y)	If the company changes its Public Accountant or KAP, it is given a value of 1 and if it does not change its Public Accountant or KAP, it is given a value of 0. Source: (Muaqilah et al., 2021)	Nominal
2	Audit Delay (X ₁)	Audit Delay = Audit Report Date - Financial Report Closing Date Source: (Astuti & Dermawan, 2021)	Rasio
3	Company Size (X ₂)	Company Size = Ln (Total Assets) Source: (Pratiwi & Muliarta RM, 2019)	Rasio
4	KAP Size (X ₃)	KAPs affiliated with the Big Four are given a value of 1. KAPs not affiliated with the Big Four are given a value of 0. Source: (Pratama & Sudiyatno, 2022)	Nominal

Source: Various Journals

Population and Sample

The population used in this study is all banking companies listed on the Indonesia Stock Exchange (IDX) in 2019 to 2023. The number of banking companies listed on the Indonesia Stock Exchange from 2023 is 47 companies. In this study, the number of samples was 39 companies with the sampling technique used was non-probability sampling with a purposive sampling type. Sumargo (2020) stated that purposive sampling selects sample members from a population determined solely by the researcher which is subjective. The author chose the purposive sampling technique by setting certain criteria, as follows:

1. Banking Companies Listed on the Indonesia Stock Exchange in 2023.
2. Banking Companies that include complete and detailed information related to KAP during the 2019-2023 Period.
3. Banking Companies that present Annual Financial Reports complete with Independent Auditor Reports consecutively during the 2019-2023 Period.

Table 2. Determining the Number of Samples

No	Description	Amount
1	Banking Companies Listed on the IDX in 2023	47
2	Banking Companies that do not include complete and detailed information related to KAP during the 2019-2023 Period.	(4)
3	Banking Companies for which researchers did not find a complete Annual Financial Report with an Independent Auditor's Report consecutively during the 2019-2023 Period.	(4)
Number of Samples		39
Number of Research Years		5
Number of Research Data		195

Source: IDX (Secondary Processed Data 2023) and Official Report

Data Collection Techniques

In this study, the data sources used are secondary data, namely data taken from company financial reports, annual reports of banking companies, government reports, and data taken from electronic media. While the method used is the documentation method as a data collection technique. In the documentation method, data is taken based on sources such as annual reports of banking companies for the period 2019 to 2023, reference journals, literature books, government regulations and others.

Data Analysis Methods

The data analysis method in this study is the logistic regression analysis method using the SPSS Statistics 25 program. Logistic regression is an analysis method used to study the relationship between one or more independent variables and the dependent variable. Because the dependent variable is measured by a dummy variable, logistic regression analysis is needed for hypothesis testing. The logistic regression equation used in this study to test the overall hypothesis is as follows (Roflin et al., 2023) :

$$\text{Ln} \left(\frac{AS}{1-AS} \right) = \alpha + \beta_1 \text{DELAY} + \beta_2 \text{SIZE} + \beta_3 \text{KAP} + e \quad (1)$$

RESULTS AND DISCUSSION

This study uses secondary data with the research object being Banking Companies listed on the Indonesia Stock Exchange (IDX) in 2019 to 2023. The data used was accessed through the official IDX website (*www.idx.co.id*).

Descriptive Statistical Analysis

From the data covering the number of samples, descriptive statistics are used to provide an overview or description of the research variables.

Table 3. Descriptive Statistical Test Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Auditor Switching	195	0,00	1,00	0,2000	0,40103
Audit Delay	195	15,00	141,00	66,0103	29,17932
Company Size	195	27,30	35,32	31,4683	1,80424
KAP Size	195	0,00	1,00	0,5436	0,49938

Source: SPSS Program Results (Author's Processed Results 2024)

Based on Table 3, the results of the descriptive statistical test show the lowest, highest, average, and standard deviation values for each variable with a total of 195 research data which can be explained as follows:

1. Audit delay variable has a minimum value of 15,00 and a maximum value of 141,00. While the mean value is 66,0103 and the standard deviation value is 29,17932 less than the mean value indicates that the average Audit Delay represents the overall data well.

2. Company size variable has a minimum value of 27,30 and a maximum value of 35,32. While the mean value is 31,4683 and the standard deviation value is 1,80424 less than the mean value indicates that the average Company Size represents the overall data well.
3. KAP size variable has a minimum value of 0,00 and a maximum value of 1,00. While the mean value is 0,5436 and the standard deviation value is 0,49938 less than the mean value indicates that the average KAP Size represents the overall data well.

Table 4. Frequency Distribution – Auditor Switching

		Auditor Switching			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Performing Auditor Switching	156	80,0	80,0	80,0
	Performing Auditor Switching	39	20,0	20,0	100,0
	Total	195	100,0	100,0	

Source: SPSS Program Results (Author's Processed Results 2024)

Based on Table 4, it shows that from 195 research data, companies that do not change auditors have a frequency of 156 data or 80%. And companies that change auditors have a frequency of 39 data or 20%.

Table 5. Frequency Distribution – KAP Size

		KAP Size			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	KAP Not Affiliated With Big 4	89	45,6	45,6	45,6
	KAP Affiliated With Big4	106	54,4	54,4	100,0
	Total	195	100,0	100,0	

Source: SPSS Program Results (Author's Processed Results 2024)

Based on Table 5, it shows that from 195 research data, companies that use KAP not affiliated with the Big Four have a frequency of 89 data or 45.6%. While companies that use KAP affiliated with the Big Four have a frequency of 106 data or 54.4%.

Overall Model Fit Test

Table 6. Model Fit Test Results -2LL Block 0: Beginning Block

Iteration History^{a,b,c}			
Iteration	-2 Log likelihood	Coefficients Constant	
Step 0	1	196,280	-1,200
	2	195,160	-1,377
	3	195,157	-1,386
	4	195,157	-1,386

Source: SPSS Program Results (Author's Processed Results 2024)

Table 7. Model Fit Test Results -2LL Block 1: Method = Enter

Iteration History ^{a,b,c,d}						
Iteration		-2 Log likelihood	Coefficients			
			Constant	Audit Delay	Ukuran Perusahaan	Ukuran KAP
Step 1	1	188,169	3,770	0,001	-0,158	-0,188
	2	184,767	6,579	0,002	-0,255	-0,303
	3	184,658	7,293	0,003	-0,279	-0,332
	4	184,657	7,325	0,003	-0,281	-0,333
	5	184,657	7,325	0,003	-0,281	-0,333

Source: SPSS Program Results (Author's Processed Results 2024)

Based on Table 6, it shows that the value of -2 Log Likelihood at the beginning (Block Number = 0) is 195,157. Table 7, shows that after the three independent variables were entered, the value of -2 Log Likelihood at the end (Block Number = 1) decreased to 184,657. This can be interpreted that by adding independent variables to the model, it has met the test requirements and shows a good regression model or in other words, the hypothesized model is able to present data accurately.

Regression Model Feasibility Test

Based on Table 8, it shows that in this study the Chi-Square value is 4.594 with a significant value of 0.800. With a significant value of 0.800 which is greater than 0.05, there is no significant difference between the model and the data, this can be interpreted that the hypothesized model fits the data or in other words the model is able to predict its observation value and fits the data of this study.

Table 8. Hosmer and Lemeshow's Goodness of Fit Test Results

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	4,594	8	0,800

Source: SPSS Program Results (Author's Processed Results 2024)

Determination Coefficient Test (Nagelkerke R Square)

Based on Table 9, it shows that the Nagelkerke R Square value is 0.083 where from the Nagelkerke R Square value, the Independent Variables of Audit Delay, Company Size, and KAP Size together affect the Dependent Variable of Auditor Switching by 8.3% while the remaining 91.7% is influenced by other variables outside this research model.

Table 9. Results of Determination Coefficient Test

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	184,657 ^a	0,052	0,083

Source: SPSS Program Results (Author's Processed Results 2024)

Simultaneous Test (Omnibus Test of Model Coefficients)

Based on Table 10, it shows that the results of the Omnibus Test obtained Chi-Square of 10,500 with a significant value of 0.015. Because the significance value is less than 0.05 ($0.015 < 0.05$) it means that Audit Delay, Company Size, and KAP Size together have a real influence on Auditor Switching. Thus, it can be concluded that this research model can be continued.

Table 10. Results of Omnibus Test

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	10,500	3	0,015
	Block	10,500	3	0,015
	Model	10,500	3	0,015

Source: SPSS Program Results (Author's Processed Results 2024)

Wald Test and Their Interpretation

Table 11. Results of Wald Test

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step	Audit Delay	0,003	0,008	0,129	1	0,720	1,003
1 ^a	Company Size	-0,281	0,136	4,236	1	0,040	0,755
	KAP Size	-0,333	0,384	0,754	1	0,385	0,717
	Constant	7,325	4,486	2,666	1	0,103	1517,282

Source: SPSS Program Results (Author's Processed Results 2024)

Based on Table 11, the logistic regression model equation can be written as follows:

$$AS = 7,325 + 0,003DELAY - 0,281SIZE - 0,333KAP + e \quad (2)$$

Based on the logistic regression model equation, it can be seen that the constant value of 7.325 indicates that if the independent variables consisting of Audit Delay, Company Size and KAP Size have a value of 0, then the dependent variable, namely Auditor Switching, will have a value of 7.325.

Hypothesis Test

1. First Hypothesis Testing

Based on Table 11 and the regression model equation, it can be seen that Audit Delay (X1) has a positive coefficient of 0.003. This means that if Audit Delay increases by 1, Auditor Switching will increase by 0.003. However, Audit Delay has not significantly affected Auditor Switching. This is because the significant value of 0.720 is greater than 0.05 ($0.720 > 0.05$) then H1 is rejected, so from these results it can be concluded that partially there is no significant effect between Audit Delay and Auditor Switching.

2. Second Hypothesis Testing

Based on Table 11 and the regression model equation above, it can be seen that Company Size (X2) has a negative coefficient of -0.281. This means that if Company Size increases by 1, Auditor Switching will decrease by 0.281. And Company Size has a significant effect on Auditor Switching. This is because the significant value of 0.040 is smaller than 0.05 ($0.040 < 0.05$) then H2 is accepted, so from these results it can be concluded that partially there is a significant influence between Company Size and Auditor Switching.

3. Third Hypothesis Testing

Based on Table 11 and the regression model equation above, it can be seen that KAP Size (X3) has a negative coefficient of -0.333. This means that if KAP Size increases by 1, Auditor Switching will decrease by 0.333. However, KAP Size has not significantly influenced Auditor Switching. This is because the significant value of 0.385 is greater than 0.05 ($0.385 > 0.05$) then H3 is rejected, so from these results it can be concluded that partially there is no significant influence between KAP Size and Auditor Switching.

Discussion

1. The Effect of Audit Delay on Auditor Switching

Based on the results of the data hypothesis test, the significant value of the Audit Delay variable (X1) is greater than the α value, which means that the audit delay variable has no effect on auditor switching. An auditor in completing a company's independent audit report has adjusted to the established audit procedures. The delay in submitting audit results can be caused by several factors, namely the lack of complete data needed by the auditor to carry out the audit process where management responds to the auditor slowly regarding data availability, then the level of engagement between the auditor and the company is too low resulting in a lack of communication, and the level of complexity of the company's transactions is high. This causes the auditor to have a scope of work that will be more detailed and broader so that the auditor cannot complete the company's Independent Audit Report on time.

This is in line with research conducted by Naili & Primasari (2020) and Sriwardany & Dewi (2021). However, these results are inversely proportional to research conducted by Stevani & Siagian (2020) and Hayati et al. (2021) which states that audit delay has an effect on auditor switching.

2. The Effect of Company Size on Auditor Switching

Based on the results of the data hypothesis testing, the significant value of the Company Size variable (X2) is smaller than the significant value of α with the direction of the regression model showing a negative nature, which means that the company size variable has an influence on auditor switching. These results indicate that the second hypothesis (H2) is accepted and it can be concluded that Company Size has a negative effect on Auditor Switching in Banking Companies listed on the Indonesia Stock Exchange for the 2019-2023 Period.

In agency theory, a large company size causes management to have greater responsibility to shareholders because with a high level of complexity, management needs to use the services of a highly reputable auditor who is considered capable and expert in solving the difficulties faced by the company to bridge the needs of the principal and agent. Thus, companies that have large overall assets tend to make lower decisions to carry out auditor switching compared to small companies.

This is in line with research conducted by Irfan & Herliansyah (2019), Natalia & Purnomo (2020) and Aini & Yahya (2019). However, the results of this study are not in line with the research conducted by Naili & Primasari (2020), Kirana & Indriansyah (2022), and Stevani & Siagian (2020) which stated that company size has no effect on auditor switching.

3. The Effect of KAP Size on Auditor Switching

Based on the results of the data hypothesis testing, the significant value of the KAP Size variable (X3) is greater than the α value, which means that the KAP size variable has no effect on auditor switching. Large KAPs or small KAPs used by the company do not determine whether the company will switch auditors, because KAPs affiliated with the Big Four or KAPs not affiliated with the Big Four will still provide audit quality in accordance with the established audit standards.

This is in line with research conducted by Nainggolan et al. (2022) and Kirana & Indriansyah (2022) which states that KAP size has no effect on auditor switching. However, these results are inversely proportional to research conducted by Muaqilah et al. (2021) and Klarasati et al. (2021) which states that KAP size has an effect on auditor switching.

CONCLUSION

Audit delay has no effect on auditor switching in Banking Companies Listed on the Indonesia Stock Exchange for the period 2019 to 2023. Because the factors causing delays in issuing company audit reports are not only caused by the auditor but can also be caused by the company, so audit delays are not a consideration for conducting auditor switching.

Company size has a negative effect on auditor switching in banking companies listed on the Indonesia Stock Exchange for the period 2019 to 2023. This proves that the larger the company size, the lower the management decision to carry out auditor switching.

KAP size has no effect on auditor switching in Banking Companies Listed on the Indonesia Stock Exchange for the period 2019 to 2023. Because KAPs affiliated with the Big Four and KAPs not affiliated with the Big Four will continue to provide audit quality in accordance with the established audit standards, the size of the KAP does not determine the occurrence of auditor switching to obtain better audit quality.

Suggestion

For further researchers, it is expected to be able to expand the independent variables that are used as factors that influence the dependent variable and not only use secondary data, but also primary data owned by the company so that the variations and results obtained from the independent variables are increasingly diverse. In addition, further research is also expected to be carried out by adding direct or indirect influences in order to identify aspects that support auditor assessment.

For banking companies, it is expected to further examine the influence of audit delay, company size, and KAP size on auditor switching to assess the right KAP services to produce quality audit reports.

For the government, it is expected to be able to study more deeply the auditor switching policy in understanding the role of auditors properly as an effort to prevent fraud in the company.

REFERENCE

- Aini, N., & Yahya, M. R. (2019). Pengaruh Management Change, Financial Distress, Ukuran Perusahaan Klien, dan Opini Audit Terhadap Auditor Switching. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi*, Vol. 4, No. 2, 245-258.
- Anwar, M. C. (2020, October 10). CNBC Indonesia. Retrieved from <https://www.cnbcindonesia.com/market/20201010141502-17-193389/tersangka-kasus-suap-miliaran-eks-dirut-btn-ditahan-kejagung>
- Aprilia, R., & Effendi, B. (2019). Pengaruh Pergantian Manajemen, Kepemilikan Publik dan Financial Distress terhadap Auditor Switching. *STATERA: Jurnal Akuntansi Dan Keuangan*, Vol. 1, No.1, 61-75. <https://doi.org/10.33510/statera.2019.1.1.61-75>
- Astuti, & Dermawan, L. (2021). Analisis Laporan Keuangan. *Media Sains Indonesia*.
- Darmayanti, N., Africa, L. A., & Mildawati, T. (2021). The Effect of Audit Opinion, Financial Distress, Audit Delay, Change of Management on Auditor Switching. *International Journal of Economics and Finance Studies*, Vol. 13, No. 1, 173-193.
- Hayati, K., Sihotang, J., Lubis, A., & Halawa, D. (2021). The Effect of Institutional Ownership, Audit Opinion, KAP Reputation, Management Changes and Audit Delay on Auditor Switching. *Journal Research of Social, Science, Economics, and Management*, Vol. 01, No. 2, 130-145. <https://doi.org/10.36418/jrssem.v1i2.14>
- Institut Akuntan Publik Indonesia. (2021). Tujuan Keseluruhan Auditor Independen dan Pelaksanaan Audit Berdasarkan Standar Audit. Jakarta: IAPI (Institut Akuntan Publik Indonesia). <https://drive.google.com/file/d/1bq-4Q76cR22xr-ODTjFM90M50Mo6tANU/preview>
- Irfan, J., & Herliansyah, Y. (2019). Pengaruh Change of Management, Financial Distress, Company Size dan Modified Audit Opinion Terhadap Auditor Switching Voluntary (Studi Perusahaan Sub Sektor Properti dan Real Estate di Bursa Efek Indonesia Tahun 2015-2018). *Tekun : Jurnal Telaah Akuntansi dan Bisnis*, Vol. 10, No. 1, 17-35.
- Irmawati, A. M., Rusnaldi, & Al Mawaddah, A. (2023). Faktor-Faktor yang Mempengaruhi Auditor Switching pada Perusahaan Perbankan yang Terdaftar di BEI Periode 2018-2020. *Konferensi Ilmiah Akuntansi X*, Vol.10, 5-6.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 305-360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kirana, G. C., & Indriansyah, M. R. (2022). Pengaruh Ukuran Perusahaan, Opini Audit, Ukuran KAP dan Audit Tenure Terhadap Auditor Switching. *Liabilitas: Jurnal Ilmiah Akuntansi dan Ekonomi*, Vol. 7, No. 1, 44-54.
- Klarasati, T., Inayati, N. I., Hariyanto, E., & Setyadi, E. J. (2021). The Effect of Change Management, KAP Size, Public Ownership, and Financial Distress on Auditor Switching (Case Study on Mining Companies Listed on the Indonesia Stock Exchange Period 2015-2019). *International Journal of Economics, Business, and Accounting Research*, 116-127.

- Machmuddah, Z. (2019). *Business Innovation and Development in Emerging Economics*. CRC Press.
- Muaqilah, N., Mus, A. R., & Nurwanah, A. (2021). Pengaruh Financial Distress, Opini Audit, Pergantian Manajemen dan Ukuran KAP Terhadap Auditor Switching (Studi pada Perusahaan BUMN yang Terdaftar di Bursa Efek Indonesia). *Invoice: Jurnal Ilmu Akuntansi*, Vol. 3, No. 1, 145-158.
- Mubarok, A. (2023). *Proceedings of The International Conference on Global Innovation and Trends in Economics and Business*. *Advances in Economics, Business and Management Research*, 207.
- Naili, T., & Primasari, N. H. (2020). Audit Delay, Ukuran Kantor Akuntan Publik, Financial Distress, Opini Audit, dan Ukuran Perusahaan Klien Terhadap Auditor Switching. *Jurnal Ilmiah Akuntansi*, Vol. 8, No.1, 63-74.
- Nainggolan, A., Sidauruk, T. D., & Cahyani, E. F. (2022). Pengaruh Pergantian Manajemen, Financial Distress, Ukuran KAP, Audit Fee, dan Opini Audit Terhadap Auditor Switching. *Liabilitas: Jurnal Ilmiah Akuntansi dan Ekonomi*, Vol. 7 No.1, 1-11.
- Natalia, D., & Purnomo, L. I. (2020). The Effect of Audit Opinion, KAP Size & Financial Distress on Auditor Switching. *Economics and Accounting Journal*, 53-62.
- Pratama, A. W., & Sudiyatno, B. (2022). Pengaruh Opini Audit, Reputasi KAP, Ukuran KAP, dan Financial Distress Terhadap Auditor Switching. *Jurnal Ilmiah Mahasiswa Akuntansi*, Vol. 13, No. 2, 660-670.
- Pratiwi, I. D., & Muliarta RM, K. (2019). Pengaruh Financial Distress, Ukuran Perusahaan, dan Audit Delay Terhadap Pergantian Auditor. *E-Jurnal Akuntansi*, 1048-1074. <https://doi.org/10.24843/EJA.2019.v26.i02.p08>
- Purba, R. B., & Umar, H. (2021). *Kualitas Audit dan Deteksi Korupsi*. Merdeka Kreasi Group.
- Roflin, E., Riana, F., Munarsih, E., Pariyana, & Liberty, I. A. (2023). *Regresi Logistik Biner dan Multinomial*. PT Nasya Expanding Management.
- Sahir, S. H. (2021). *Metodologi Penelitian*. Penerbit KBM Indonesia.
- Sriwardany, & Dewi, R. S. (2021). Analisis Financial Distress Audit Delay Dan Opini Audit Terhadap Voluntary Auditor Switching Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi dan Bisnis*, Vol. 21, No. 1, 87-95. <https://doi.org/10.30596/jrab.v21i1.6521>
- Stevani, C., & Siagian, V. (2020). Pengaruh Audit Delay, Audit Fee, dan Ukuran Perusahaan Terhadap Auditor Switching (Studi Pada Perusahaan Sektor Industri Barang Konsumsi Terdaftar di BEI 2016-2019). *Jurnal Ekonomis*, Vol. 13, No. 3, 55-66.
- Sumargo, B. (2020). *Teknik Sampling*. UNJ Press.
- Suryandari, B. (2020). *International Conference on Economics, Business and Economic Education Science*. EAI Publishing.

Wiratmini, N. E. (2020, November 4). Bisnis.com. Retrieved from Finansial.bisnis.com:
<https://finansial.bisnis.com/read/20201104/90/1313378/kontroversi-hakim-putra-pemilik-bank-harda-yang-dibeli-chairul-tanjung>