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Does The Size of a Public Accounting Firm Effects the Relationship Between Financial Distress, Fee Audit, Audit Delay and Auditor Switching?

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ABSTRACT
This study aims to analyze and provide empirical evidence of the effect of financial distress, audit fees, and audit delay on auditor switching with KAP size as a moderating variable. The type of research used is a quantitative approach with associative methods. The population in this study are property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The sampling technique in this study was purposive sampling. The data analysis technique used is logistic regression using E-Views version 12 software. Based on the analysis results, it is known that financial distress, audit fees, and audit delay simultaneously affect auditor switching. Partially, economic pain and audit delay do not affect auditor switching, while audit fees affect auditor switching. The logistic regression analysis (MRA) results show that KAP size cannot moderate financial distress, audit fees, and audit delay on auditor switching.

Keywords: *Financial Distress, Audit Fee, Audit Delay, Auditor Switching, KAP Size*

1. INTRODUCTION

The rapid flow of information creates demands for the disclosure of information reports on financial statements. Good economic announcements contain accurate and competent information so that users of financial reports can rely on them. Financial reports must be of high quality in their delivery to external companies (investors, potential investors, creditors, customers, business partners, and other users) because users of financial reporting information need complete, understandable, standard financial accounting reports (SAK). Transparent, and the data can be presented on time. To produce reliable financial statements, companies need audit services from auditors (Widnyani & RM, 2018).

The auditor is an independent party whose job is to assess the fairness and reliability of financial statements by issuing audited financial reports so that management performance can be evaluated independently and increase users' confidence in financial statements. An auditor is required to be able to assess financial statements properly and to be responsible for the opinion given (Rahmitasari & Syarief, 2021)

An independent auditor is needed in carrying out the audit process on financial statements because an independent auditor has a neutral, impartial, or pro-other attitude and is free from influence. However, it is not uncommon for us to encounter cooperation between the client and the auditor due to a long working contract between the client and the auditor. Therefore, to maintain the reliability of the company's financial statements and the independence of the auditors, companies are required to carry out auditor switching (Santos & Yanti, 2021).

Auditor switching is the behavior of companies that change auditors at certain times, either voluntarily or because of obligation (mandatory). To maintain auditor independence, the government issued

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regulations governing audit rotation. As for the regulations governing the replacement of auditors or auditor switching, namely PP No. 20/2015 article 11 paragraph (1), it is explained that KAP is no longer limited to conducting company audits. The restriction only applies to Public Accountants (AP) for five consecutive financial years. After performing audit services on historical financial information for a company for five consecutive years, the AP must carry out a cooling-off for two consecutive years. After the cooling-off period, the AP can return to providing audit services to the company. The companies referred to in PP No.20/2015 are industries in the capital market sector, commercial banks, and insurance or reinsurance company pension funds described in Article 11 paragraph (2) (www.kemenkeu.go.id).

Auditor switching has two types of applicable methods, namely mandatory and voluntary. Auditor switching with the required method can occur because of obligations and provisions that apply from the government, while auditor switching with the voluntary method can occur due to specific reasons or factors from the client itself or from the KAP concerned outside of the provisions that have been in effect (Sumardi & Sujiman, 2022).

Auditor turnover often occurs in various companies in Indonesia, both voluntary and mandatory. An example of what happened in the property and real estate sector is shown in the table below:

Table 1: Several companies that carry out voluntary auditor switching in the property and real estate sector listed on the IDX 2017-2021

Issuer Code	2017	2018	2019	2020	2021
APLN	Deloit	BDO	BDO	KAP Suharli Sugiharto & Rekan	KAP Suharli Sugiharto & Rekan
RBMS	Anwar & Rekan	Anwar & Rekan	Anwar & Rekan	Kanaka Puradiredja Suhartono	Kanaka Puradiredja Suhartono
MTLA	Deloit	Tanudiredja, Wibisana, Rintis & Rekan)	Tanudiredja, Wibisana, Rintis & Rekan)	Tanudiredja, Wibisana, Rintis & Rekan)	Deloit
BAPA	Herlianto & Rekan	Herlianto & Rekan	Abu Bakar Usman & Rekan	Abu Bakar Usman & Rekan	Richard Risambessy & Budiman

Sumber : www.idx.co.id processed by researchers, 2023

Table 2: Several companies that carried out Mandatory auditor switching in the property and real estate sector listed on the IDX 2017-2021

Issuer Code	2017	2018	2019	2020	2021
BSDE	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris
MMLP	PWC	PWC	PWC	PWC	PWC
BKDP	Andi Ruswandi Wisnu & Rekan	Andi Ruswandi Wisnu & Rekan	Andi Ruswandi Wisnu & Rekan	Andi Ruswandi Wisnu & Rekan	Andi Ruswandi Wisnu & Rekan
LAND	Tjahjadi & Tamara	Tjahjadi & Tamara	Tjahjadi & Tamara	Tjahjadi & Tamara	Tjahjadi & Tamara
DUTI	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris	Mirawati Sensi Idris
FMII	Heliantono & Rekan	Heliantono & Rekan	Heliantono & Rekan	Heliantono & Rekan	Heliantono & Rekan

Source: www.idx.co.id processed by researchers, 2023

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Based on the table above, several properties and real estate companies make auditor switching voluntarily or mandatory. Apart from this phenomenon, researchers are interested in taking property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) for 2017-2021 as research objects.

Companies that are bankrupt and are experiencing an unhealthy financial position tend to use KAPs that have high independence to increase the company's confidence in the eyes of shareholders and creditors. As well as the company's inability to pay the audit fee provided by the KAP caused the company to choose to replace the KAP with a cheaper audit fee. A delay in auditing (audit delay) makes investors perceive it as a wrong signal for the company. It is shown that the company can change auditors or auditor switching. The factors behind auditor switching include financial distress, audit fees, audit delay, and the Size of a Public Accounting Firm (Subiyanto et al., 2022).

The first factor that influences auditor switching is financial distress. Financial distress is when a company cannot meet its financial obligations. Companies that are bankrupt or are experiencing an unhealthy financial position tend to use KAPs that have high independence to increase the company's trust in the eyes of shareholders and creditors to reduce litigation risk, as well as the inability of companies to pay audit fees provided by KAPs, causing companies to choose to replace KAP with a cheaper audit fee (Fauziyah et al., 2019).

The second factor that influences auditor switching is the audit fee. The deteriorating condition of the company made the company unable to pay audit fees. The audit fee is one of the reasons for the change of auditors. Audit fees are rewards or fees the auditor receives after their audit services (Sima & Badera, 2018).

The third factor that can encourage companies to switch auditors is audit delay. Audit delay is the time interval measured based on the length of days in completing the audit process by the independent auditor from the book closing date on December 31 to the date stated in the independent auditor's report (Subiyanto et al., 2022)

The fourth factor influencing auditor switching is the Size of a Public Accounting Firm. The size of the Public Accounting Firm (KAP) in this study is a moderating variable. The size of the KAP is one of the factors that is considered to influence the company (client) in conducting auditor switching; this is because the size of the KAP is a consideration for clients in making auditor replacement decisions (Maemunah, 2019).

2. LITERATURE REVIEW

Jensen and Meckling's (1976) agency theory are a work contract between the principal (owner/shareholder) and the agent (manager/manager) in which both the owner and manager mutually maximize welfare. Agency theory arises because of a conflict of interest between principals and agents, which can affect the quality of earnings reported by the company (Purwasih, 2020). This study uses agency theory as the basis for understanding auditor switching. Agency theory describes the relationship between the owner of the company and those who manage the company. The company switches auditors based on shared or unilateral interests between the owner and management.

The relationship between agency theory and auditor switching is the auditor's job as an independent third party, especially those employed or employed to resolve conflicts between agents and principals and to provide opinions on the fairness of financial reports (Darmayanti et al., 2021). In the agency concept, the principal gives authority to the agent to make decisions because the agent knows and understands more information about company performance than the principal. The company's 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 picture of the company's

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overall performance activities. Most likely, management will use the services of a public accountant under management's interests. If the company's management considers that the previous auditor is not in management's interests and can endanger the loss of investor confidence, then the company's management is better off changing the auditor than having to lose investors (Nelyumna et al., 2021)

In addition, agency relationships can cause conflicts of interest due to different goals. Management only sometimes acts in the interests of the owners. The company owner or shareholder aims to increase his self-interest through a dividend distribution. In contrast, the management aims to increase his self-interest through compensation. This situation causes management to make decisions that benefit themselves but could be more effective for the company (Manto & Manda, 2018).

Agency theory is the basis for the first hypothesis: the relationship between financial distress and auditor switching. Financial distress conditions describe the company's inability to pay due obligations. Agency theory is expected to provide principals confidence that they will receive a return on the funds they have invested. It is related to how the principal believes the agent will benefit them. On the other hand, the existence of bad financial reports in profit and loss reporting can create doubts on the part of the principal to provide funds because there is no certainty about the return on funds that have been given.

Agency theory is also used as the basis for the second hypothesis, namely the relationship between audit fees and auditor switching. In determining the audit fee, the auditor or KAP submits an audit fee offer to the company with guidelines on the regulations set by the Public Accounting Firm. However, the offer could be considered too high, so an agreement was not reached between the company and the KAP. Offering audit fees with an amount that is too high often exceeds the tolerance limit set by the company, so this motivates management to change the auditor so that they get an auditor that is under the audit fee budget set by the company. Companies are trying to find auditors with lower fee offers without reducing the professionalism of the auditors. Based on agency theory, supervision of agents by third parties will incur monitoring costs. This supervision aims to monitor management (agent) activities so that they are under the contractual agreement with the principal (Kholipah & Suryandari, 2019).

The third hypothesis in this study is also based on agency theory, namely the relationship between audit delay and auditor switching. Audit delay is closely related to the timeliness of publication of financial reports because financial benefits are realized reduced if not submitted on time. Timeliness indicates the period for the information to be presented by reporting; if the information is not submitted on time, it will result in the value of the information being reduced. Reduced information conveyed to principals creates information asymmetry (Praptika & Rasmini, 2016). In agency theory, there is a problem of information asymmetry. In this case, the agent knows more about the company's information than the principal, who only knows the company's information externally, namely through the performance results made by the agent. Therefore, financial reports are completed on time to reduce information asymmetry between agents and principals so that financial reports can be submitted transparently to principals (Praptika & Rasmini, 2016).

Companies that are bankrupt and are experiencing an unhealthy financial position tend to use KAPs that have high independence to increase the company's confidence in the eyes of shareholders and creditors. As well as the company's inability to pay the audit fee provided by the KAP caused the company to choose to replace the KAP with a cheaper audit fee. A delay in auditing (audit delay) makes investors perceive it as a wrong signal for the company, so it is shown that the company can change auditors or auditor switching.

H_1: Financial distress, audit fee, and audit delay affect auditor switching

Financial distress is when a company experiences financial difficulties, from mild to severe conditions. In the worst-case scenario, continuing financial difficulties will lead to bankruptcy. Financial distress indicates the condition in which the company is experiencing

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unhealthy conditions or financial difficulties, so it is feared that it will go bankrupt. Companies experiencing financial difficulties are more likely to receive a negative response from investors, so investors need more confidence in the company's profitability. Companies experiencing financial distress are more likely to replace their KAP than other companies that are healthier because they need to hire higher quality auditors than before to attract stakeholder trust and increase company confidence (Sima & Badera, 2018).

H_2: Financial distress affects auditor switching

Audit fees are compensation in the form of money or other forms given to or received from clients or other parties to obtain engagement from clients or other parties. A high audit fee will make a company perform voluntary auditor switching; that is, it will move to a KAP that offers a lower auditor fee and is affordable by the company. However, lower auditor fees will also result in a lack of audit quality and auditor independence (Putra, 2020). Because if a more significant audit fee is obtained, the audit's complexity and risk will increase. The greater the audit fee provided by the company to the auditor or KAP, the greater the level of expertise and audit risk obtained (Akbar & Wijayanti, 2020)

H_3: Audit fee affect auditor switching

Audit delay is the delay in audit completion as measured from the closing date of the financial year to the date of completion of the independent auditor's report. Audit delay can affect the provisions that will be taken for investors because if a company is late in issuing an audit report, investors cannot find information about the continuity of the company's business for investment provisions (Mardasari & Triyanto, 2020). Therefore, to prevent a decline in investor confidence in the company, it is likely that the company will replace the auditor with the hope that the new auditor will be timelier in submitting the audit report results. Therefore, companies that experienced audit delays the previous year have a high chance of switching auditors.

H_4: Audit delay affects auditor switching

Financial distress is one of the factors that cause auditor switching. Companies prefer to switch auditors when experiencing financial distress. Schwartz and Soo (1995) stated that bankrupt companies change auditors more often than companies that do not go bankrupt. By replacing the auditor with an auditor who has a better name or looks at the size of the KAP, the company's reputation will also be raised in the eyes of investors (Smith & Nichols, 1982) (Sima & Badera, 2018) regardless of the auditor's size, whether a large KAP or a small KAP will have the same opinion about the condition of a company experiencing financial difficulties. Management will assume that whatever size the company chooses KAP, it will still provide the same opinion regarding its financial condition so that it does not have to do auditor switching.

H_5: The size of a public accounting firm moderates the effect of financial distress on auditor switching

Qualified auditors or auditors from large-scale (Big Four) Public Accounting Firms (KAP) will also charge a higher fee because qualified auditors have higher expertise and tend to complete their audit reports more quickly. When the audit fee that has been paid differs from the resulting audit quality, the company will replace the auditor with another auditor according to the company's wishes. However, the company has used a reputable KAP, and this can improve the company's good name. In that case, the company looks at the size of the KAP to audit the company's financial statements even though the fee offered is relatively high.

H_6: The size of a public accounting firm moderates the effect of audit fees on auditor switching

Audit delay usually occurs due to delays in the auditor's publication of the audit report. The timeliness of reporting an audit report affects the quality of financial reports. The size of a Public Accounting Firm shows the achievement and public confidence given to a KAP. Based on its size, KAPs are classified into two: big four KAPs and non-big four KAPs. Companies that have used the services of the big four KAPs have a slight possibility of changing KAPs. The big four KAPs in conducting audits have the flexibility and are more effective in completing audits on schedule. Non-big Four KAPs

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generally have smaller resources when compared to the big four KAPs. Therefore, companies will prefer to use the services of big four KAPs with better audit quality than non-big four KAPs to maintain the quality of their financial reports. Therefore, the company will not replace the big four KAP after experiencing an audit delay.

H_7: The size of a public accounting firm moderates the effect of audit delay on auditor switching

3. RESEARCH METHOD

The approach used in this study is quantitative and uses associative methods. The quantitative research method is based on the philosophy of positivism, used to examine specific populations or samples, collecting data with the aim of testing predetermined hypotheses. At the same time, the associative method is a method that intends to explain the causal relationship and influence between variables through testing.

3.1. Data Collection Techniques

The technique used in this study uses documentation techniques through library research, in this study to obtain theoretical data from experts through reading sources in the form of books, laws and regulations, magazines, newspapers, articles, websites, and previous studies, which has a relationship with the problem under study. The author collected data on the annual audited financial statements of property and real estate sector companies listed on the Indonesia Stock Exchange in 2017-2021 through the website www.idx.co.id.

3.2 Operational Definitions of Variables

Table 3: Variable Measurement

Variables	Measurement
Dependent Variables:	
Auditor Switching *Wati (2020)*	*If the company does auditor switching, it will be given a value of 1 and a value of 0 otherwise*
Independent Variables:	
Financial Distress *Nelyumna et.al (2021)*	$DER = \frac{Total\ Debt}{Total\ Equity}$
Fee Audit *Najwa & Syofyan (2020)*	$LN = Professional\ Fee$
Audit Delay *Rahmitasari & Syarie, (2021)*	$Audit\ Report\ Date - Financial\ Statements\ Date$
Moderating Variables:	
Public Accountant Firm Size *Manto & Manda (2018).*	*Value of 1 if the company is audited by a KAP affiliated with the Big Four KAP and a value of 0 otherwise.*

3.2. Sample Collection Techniques

The sampling method in this study was purposive sampling, namely the method of selecting samples based on specific criteria to obtain samples that represent the population. Determination of sample criteria is necessary to ensure the research sample is accurate, which will further affect the analysis. The sample requirements used in this study are samples that present complete financial information with the following specific criteria:

Table 4: Sample Selection

Description	No. of companies
Property and real estate sector companies listed on the IDX for the 2017-2021 period	81

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Property and real estate sector companies conducting IPO (Initial Public Offering) for the 2017-2021 period	(28)
Companies in the property and real estate sector that have experienced delisting for the 2017-2021 period	(7)
Property and real estate sector companies that do not have complete data relating to all the variables needed in the 2017-2021 research period	(2)
Final sample	44
Duration study	5 years
Total observations	220

3.3. Data Analysis Techniques

The data analysis technique used in this study is logistic-regression analysis. This study uses a logistic regression technique because the dependent variable uses a dummy variable. Logistic regression analysis tests whether the dependent variable's probability of occurrence can be predicted with the independent variable. This study also uses moderating variables. The moderating variable will later prove whether to strengthen or weaken the relationship between the independent and dependent variables. The logistic regression model in this study is as follows:

$$\text{Ln}\,\frac{\text{AS}}{(1-\text{AS})} = \propto +\beta1\text{FD} + \beta2\text{FA} + \beta3\text{AD} + \beta4\text{UKAP} + \beta5\text{FD} * \text{UKAP} + \beta6\text{FA} * \text{UKAP} + \beta7\text{AD} * \text{UKAP} + \varepsilon$$

Information:

α = Constant
β1 – β7 = Regression coefficient
FD = Financial distress
FA = Fee audit
AD = Audit delay
UKAP = Size of a Public Accounting Firm
FD*UKAP = Interaction between financial distress and Size of a Public Accounting Firm
FA*UKAP = Interaction between audit fee and Size of a Public Accounting Firm
AD*UKAP = Interaction between audit delay and Size of a Public Accounting Firm
e = error

4. RESULTS AND DISCUSSIONS

4.1. Results

Table 5: Statistic Descriptive

Variables	N	Mean	SD	Min	Max
Dependent variables:					
Auditor Switching	220	0.168182	0.374881	0.000000	1.000000
Independent variables:					
Financial Distress	220	0.570071	1.768170	-21.057520	3.700960
Fee Audit	220	21.965510	1.670850	17.547810	28.139760
Audit Delay	220	99.086360	40.817970	35.000000	331.000000
Moderating variables:					
Public Accountant Firm Size	220	0.213636	0.410808	0.000000	1.000000

Source: Proceed by E-views, 2022

Based on the table above, the analysis results using descriptive statistics explain that Auditor Switching (Y) shows the lowest value of 0.000000 and the highest value of 1.000000, with a mean value of 0.168182 and a standard deviation of 0.374881.

Financial distress (X1) has the lowest value of -21.05752, and the highest value is 3.700960, with a mean value of 0.570071 and a standard deviation of 1.768170. The mean value of 0.570071 indicates that the company is experiencing financial distress (financial distress) of 0.570071.

Audit fee (X2) shows the lowest value of 17.54781 and the highest value of 28.13976 with a mean value of 21.96551 and a standard

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deviation of 1.670850. The mean value of 21.96551 indicates that the sample

Audit delay (X3) shows the lowest value of 35.00000 and the highest value of 331.00000, with a mean value of 99.08636 and a standard deviation of 40.81797. The mean value of 99.08636 indicates that the company has an audit delay of 99.08636.

The KAP measure (Z) shows the lowest value of 0.000000 and the highest value of 1.000000 with a mean of 0.213636 and a standard deviation of 0.410808. The mean value of 0.213636 indicates that companies use auditor services based on KAP affiliated with the Big Four and non-Big Four KAP.

Table 6: Multicollinearity test

	Auditor Switching	Financial Distress	Fee Audit	Audit Delay
Auditor Switching	1.000000			
Financial Distress	0.053172	1.000000		
Fee Audit	-0.223300	0.058579	1.0000000	
Audit Delay	0.119305	-0.078208	-0.013766	1.000000

From the test results above, the Correlation value is <0.90, so it can be concluded that there is no multicollinearity problem between independent variables in this study.

Table 7: Regression test

Variables	Coefficient	Sig.
Independent variables:		
Financial Distress	0.381397	0.1467
Fee Audit	-0.414852	0.0007*
Audit Delay	0.007993	0.0534***
Moderating variables:		
KAP Size	4.261963	0.7528
*Financial Distress*KAP Size*	-0.124952	0.8689
*Fee Audit*KAP Size*	-0.254525	0.6870
*Audit Delay*KAP Size*	0.011110	0.4000
R-square	8.59%	
Prob(F-statistic)	0.000740	
Observations	220	

Source: Proceed by E-views, 2022

The financial distress variable as an independent variable has a regression coefficient value of 0.381397 with a probability value of 0.1467, more significant than 0.05. Because the probability value of 0.1467 is more significant than 0.05, it can be concluded that the first hypothesis, or H1, which states that financial distress affects auditor switching, is rejected, which means that financial distress does not affect auditor switching.

Table 7 above shows that the audit fee as an independent variable has a coefficient of -0.414852 with a probability value of 0.0007, which is smaller than 0.05. because the probability value of 0.0007 is less than 0.05, it can be concluded that the second hypothesis, or H2, which states that audit fees affect auditor switching, is accepted, which means that audit fees affect auditor switching.

Table 7 above shows that audit delay as an independent variable has a coefficient of 0.007993 with a probability value of 0.0534 which is more significant than 0.05. Because the probability value of 0.0534 is more significant than 0.5, it can be concluded that the third hypothesis, or H3, which states that audit delay affects auditor switching, is rejected, which means that audit delay does not affect auditor switching.

Based on Table 7 above, the moderating variable has a coefficient value of -0.124952 with a probability value of 0.8689, more significant than 0.05. Because the probability value of 0.8689 is more significant than 0.05, it can be concluded that KAP size cannot moderate the relationship between financial distress and auditor switching.

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Based on Table 7 above, the moderating variable has a coefficient value of -0.254525 with a probability value of 0.6870, more significant than 0.05. Because the probability value is 0.6870, more significant than 0.05, it can be concluded that KAP size cannot moderate the relationship between audit fees and auditor switching.

Based on Table 7 above, the moderating variable has a coefficient value of 0.011110 with a probability value of 0.4000 greater than 0.05. Because the probability value of 0.4000 is more significant than 0.05, it can be concluded that KAP size cannot moderate the relationship between audit delay and auditor switching.

Based on the test results above, the McFadden R-squared value is 0.085977 or 8.59%. It means that auditor switching can be explained by 8.59% by the independent variables, namely financial distress, audit fees, and audit delay. At the same time, the remaining 91.41% is influenced by other factors not included in this research model.

4.2. Discussion

The results of this study indicate that financial distress does not affect auditor switching. It means that the condition of financial difficulties experienced by the company did not make the company change its auditor. Companies experiencing financial difficulties will not change auditors. It happens because, in this study, most of the companies sampled use Non-Big Four KAP services. Thus, if a company switches auditors to use Big Four KAP services, it will make it more difficult for the company's financial condition due to increased audit services. It causes companies to prefer to retain their auditors rather than replace them with new auditors.

Companies with financial distress are likely to be fined due to delays in presenting financial statements because switching auditors will take a long time for new auditors to understand and study the client's business and industry. The results of this study are supported by previous research conducted by Nelyumna et al. (2021) Sima & Badera (2018) and Martini & Syabaniar (2021), stating that financial distress does not affect auditor switching.

The results of this study indicate that audit fees affect auditor switching because companies try to convince investors of the reliability of their financial statements by using the services of a public accounting firm, where the audit fee offered by the Big Four KAPs is usually much more expensive than the local KAP audit fees so that turnover can occur. Auditors are used from year to year, and the company usually adjusts to the existing budget, but the reliability of its financial reports must still be able to convince investors.

This study's results align with agency theory, which assumes that one of the characteristics of an agent is rational. The rational, in this case, is to compare costs and benefits. The company tries to convince investors of the reliability of its financial statements by using the services of a Public Accounting Firm, where the audit fee offered by the Big Four KAPs is usually much more expensive than the non-Big Four KAP audit fees, so there can be a change in the auditor used from year to year, Companies usually adjust to the existing budget, but the reliability of the financial reports must still be able to convince investors (Anggadi & Triyanto, 2022). When managers feel they are not under the audit fee they want, they try to replace the KAP in the hope that the manager can get an auditor under the audit fee offered (Najwa & Syofyan, 2020). The results of this study were supported by previous researchers, namely research conducted by Subiyanto et al. (2022) stated that audit fees hurt auditor switching.

The results of this study indicate that audit delay does not affect auditor switching. The longer the auditor completes the independent auditor's report, the company tends to replace the old auditor with a new one. However, this is only sometimes the case. If the independent auditor's long report completion time does not exceed the rules of BAPEPAM-LK to provide an independent auditor's report completion deadline not exceeding 120 days from the closing date of the company's yearbook, the company may have to think again if it wants to replace its independent auditor (Subiyanto et al., 2022)

In addition, the results of this study indicate that whether or not the auditor completes his

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work for a long time does not make it a consideration for companies to conduct auditor switching. Because if a company does a switching auditor, the replacement auditor needs time to understand the client company's condition, or it could be that the audit delay is caused by the client company being late in submitting the financial report data needed by the auditor, or the company's reputation is in a problematic condition. So that the work of the auditor auditing the company's financial statements requires deepening so that it will result in an audit delay in issuing financial reports. Therefore, it does not guarantee that the new auditor can complete the audit faster than the old auditor. The results of this study are supported by previous research, namely research conducted by Pratiwi & Muliartha (2019) and Naili & Primasari (2020), which state that audit delay does not affect auditor switching.

The results of testing the hypothesis show that the Size of a Public Accounting Firm cannot moderate the relationship between financial distress and auditor switching. This shows that auditors affiliated with The Big Four and non-The Big Four KAPs will continue to pay attention to the financial distress conditions the company faces, especially in this case, the ratio between total debt or liabilities and total equity owned by the company. After all, both auditors who are affiliated with the Big Four KAPs or not affiliated with the Big Four KAPs in providing opinions do not only focus on financial distress based on the ratio of total debt to total equity but also look at the financial side which is still in good condition, for example, cash flow. The number owned by the company is still positive, so the auditor thinks that even though the company is experiencing financial distress, the company can continue its business so. That when the auditor gives an opinion that is not fair, it also pays attention to many factors in terms of finance (Wulandari et al., 2019). Thus, management will assume that whatever size the company chooses KAP, it will still provide the same opinion regarding its financial condition so that it does not have to do auditor switching.

The results of this study are supported by previous research conducted by Puspayanti (2018) and Sima & Badera (2018), which state that the size of a Public Accounting Firm variable cannot moderate the relationship between financial distress and auditor switching. Whatever the size of the KAP, both the Big Four KAP and the Non-Big Four KAP will have the same opinion about the condition of a company experiencing financial difficulties.

The results of testing the hypothesis indicate that the Size of a Public Accounting Firm needs to moderate the relationship between audit fees and auditor switching. The size of the KAP is the big name that the auditor has for the achievements and public trust that the auditor bears. The size of a Public Accounting Firm greatly determines the credibility (quality and trust) of a financial report. Company management tends to use the services of a public accounting firm with a high reputation; this will raise the company's image and increase the company's confidence in attracting potential investors. In this case, management assumes that sizeable and small public accounting firms have a good reputation, so companies do not need to switch auditors. The difference in the audit fees paid may be under the level of complexity of the work carried out by the KAP in auditing the financial statements. In this case, the approval of the audit fee is considered reasonable, and the payment of the audit fee is unlikely to burden the company.

So, regardless of the audit fee offered by a large Public Accounting Firm or a small Public Accounting Firm, as long as they can provide an audit opinion that is under the expectations of the company's management, there is no need for auditor switching. This research is supported by previous research conducted by Wulandari et al. (2019) and Sima & Badera (2018), which state that the Size of a Public Accounting Firm needs to be revised to moderate the relationship between audit fees and auditor switching.

The results of testing the hypothesis indicate that the Size of a Public Accounting Firm cannot moderate the relationship between audit delay and auditor switching. Because if the auditor is old in completing his independent audit report will make management tends to replace the auditor with a new auditor who is

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faster in completing independent audit reports, especially for KAP auditors affiliated with the Big Four because the longer auditors complete their independent audit reports, the longer it will take the company to publish their financial reports and make the company's credibility decrease. However, not all management thinks so; if the audit delay conducted by the auditor does not exceed the time limit set by the Financial Services Authority, management will continue to retain the auditor regardless of the background size of the KAP owned by the auditor, be it an auditor with Big Four or Size of a Public Accounting Firm and the Non-Big Four.

Thus, companies audited by Big Four KAPs are less likely to experience audit delay, so companies tend not to change KAPs and retain KAPs that audit their financial statements. This study's results contradict previous research Sukadana & Wirakusuma (2016), which stated that the Size of a Public Accounting Firm could moderate the relationship between audit delay and auditor switching.

5. CONCLUSIONS

Based on the research results and discussion above, financial distress, audit fees, and audit delay simultaneously affect auditor switching. Partially, financial distress and audit delay do not affect auditor switching, while audit fees affect auditor switching. The size of a Public Accounting Firm variable is not able to moderate the relationship between financial distress and auditor switching, the Size of a Public Accounting Firm is not able to moderate the relationship between audit fees to auditor switching, and the Size of a Public Accounting Firm is not able to moderate the relationship between audit delay and auditor switching.

There are limitations in this study, where the factors that influence auditor switching only consist of three independent variables, namely financial distress, audit fees, and audit delay, as well as one moderating variable, namely the Size of a Public Accounting Firm. At the same time, many other factors can affect auditor switching. The results of the coefficient of determination show that in this study, auditor switching can be explained by 8.59% by the independent variables, namely financial distress, audit fees, and audit delay. At the same time, the remaining 91.41% is influenced by other factors not included in this research model, such as financial performance, audit opinion, management change, company size, going concern opinion, and management change.

Based on the analysis results, discussion, and conclusions, the researcher advises property and real estate companies to always issue financial reports based on predetermined conditions and times. Future researchers can research auditor switching by adding other variables that can affect auditor switching, such as financial performance, audit opinion, management change, company size, going concern opinion, and management change. Future researchers are expected to be able to use other objects, not only property and real estate companies but also other companies such as mining, transportation, banking, insurance, and other companies listed on the Indonesian Stock Exchange.

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