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THE INFLUENCE OF KAP SIZE, PROFITABILITY, LEVERAGE, AND AUDIT DELAY ON AUDITOR SWITCHING

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ABSTRACT

Auditor switching refers to the change of external auditors responsible for auditing a company in each financial reporting period. It is a phenomenon in the audit field that can occur either mandatorily due to regulations or voluntarily based on managerial decisions. This study examines the influence of KAP size, profitability, leverage, and audit delay on auditor switching. The research was conducted on financial sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The population consisted of 118 companies, and the purposive sampling method was used to select the sample, resulting in 34 companies over the three-year research period. The data analysis technique used in this study was logistic regression analysis. The results showed that profitability had a negative influence on auditor switching, indicating that companies with higher profitability levels tended to retain their auditors to maintain audit stability and sustainability. KAP size did not influence auditor switching, as companies tended to retain auditors with good reputations. Leverage also did not influence auditor switching, as the company's debt level was not a major factor in the decision to switch auditors. Additionally, audit delay did not influence auditor switching, indicating that audit delays do not necessarily reflect dissatisfaction with the auditor. The implications of this research can serve as a consideration for companies and auditors in decision-making related to auditor switching, as well as assist regulators in supervising existing policies.

Keywords: Auditor Switching, KAP Size, Profitability, Leverage, Audit Delay

ABSTRAK

Auditor switching adalah pergantian auditor eksternal yang bertanggung jawab untuk mengaudit suatu perusahaan dalam setiap periode laporan keuangan. Auditor switching merupakan sebuah fenomena dalam bidang audit yang dapat terjadi baik secara wajib karena regulasi atau secara sukarela berdasarkan keputusan manajerial. Penelitian ini bertujuan untuk menganalisis pengaruh ukuran KAP, profitabilitas, leverage dan audit delay terhadap auditor switching. Penelitian ini dilakukan pada perusahaan sektor keuangan yang terdaftar di Bursa Efek Indonesia selama periode 2021-2023. Populasi terdiri dari 118 perusahaan, dan metode purposive sampling digunakan untuk memilih sampel, sehingga sampel dalam penelitian ini sebanyak 34 perusahaan selama periode penelitian tiga tahun. Teknik analisis data yang digunakan dalam penelitian ini adalah analisis regresi logistik. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh negatif terhadap auditor switching, menunjukkan bahwa perusahaan dengan tingkat profitabilitas yang lebih tinggi cenderung untuk mempertahankan auditor mereka untuk menjaga stabilitas dan keberlanjutan audit. Ukuran KAP tidak berpengaruh terhadap auditor switching, karena perusahaan cenderung mempertahankan auditor dengan reputasi yang baik. Leverage tidak berpengaruh terhadap auditor switching, karena tingkat utang perusahaan tidak menjadi faktor utama dalam keputusan auditor switching. Audit delay juga tidak berpengaruh terhadap auditor switching, yang menunjukkan bahwa keterlambatan audit tidak selalu mencerminkan ketidakpuasan terhadap auditor. Implikasi penelitian ini dapat digunakan sebagai pertimbangan dalam pengambilan keputusan terkait auditor switching oleh perusahaan dan auditor, serta membantu regulator dalam mengawasi kebijakan yang ada.

Kata Kunci: Auditor Switching, Ukuran KAP, Profitabilitas, Leverage, Audit Delay

1. INTRODUCTION

The financial sector in Indonesia plays an important role in supporting the national economy. This sector comprises various financial institutions, including banks, insurance companies, and financing institutions, which provide financial services to the community and the business sector. Most companies in this sector are publicly listed, providing wider access to funding while enhancing transparency and accountability in operations and financial reporting in compliance with applicable regulations. Public companies listed on the Indonesia Stock Exchange (IDX) are required to present transparent financial reports, which have been audited by a Public Accounting Firm (KAP) to ensure the reliability of financial information. The Financial Services Authority (OJK), as the regulator of the financial sector, continues to update its policies to improve corporate governance and audit quality, one of which is through POJK No.9/2023. This regulation limits the use of public accounting services to enhance auditor independence and ensure optimal audit quality (OJK, 2023).

Auditor switching is a phenomenon that occurs either mandatorily due to regulations or voluntarily due to management decisions. In a global context, auditor switching is carried out to improve transparency, gain new perspectives in audits, and comply with regulations. In Indonesia, auditor switching has become a significant issue due to several cases of late reporting and audit inaccuracy, which impact a company's reputation and investor confidence. A notable example is PT Bank KB Bukopin Tbk (BBKP), which changed its auditor after experiencing delays in submitting its 2023 financial statements. This auditor change highlights audit delay as a key factor influencing auditor switching (Aziz, 2024).

Several factors are believed to influence the decision to switch auditors, including the size of the KAP, profitability, leverage, and audit delay. The size of the KAP reflects the auditor’s capability in handling highly complex companies. Profitability affects a company's selectivity in choosing a high-quality auditor. Leverage indicates the proportion of debt to a company's capital, which can influence audit risk. Audit delay refers to the time taken to complete an audit, which can serve as an indicator of audit efficiency. Various studies have yielded mixed results regarding the impact of these factors on auditor switching, indicating the need for further analysis.

This study builds upon a previous study that examined factors influencing auditor switching in manufacturing companies (Arifah, 2022). Modifications were made by replacing the variables of management change and audit opinion with profitability and leverage, while shifting the research focus to financial sector companies for the period 2021–2023. Based on this background, this study aims to analyze "The Influence of KAP Size, Profitability, Leverage, and Audit Delay on Auditor Switching." This study formulates research questions regarding the effect of each variable on auditor switching. The research is limited to financial sector companies listed on the IDX, using data from audited financial statements for the period 2021–2023. The results of this study are expected to provide theoretical contributions to the audit literature as well as practical benefits for companies, KAPs, and investors in understanding the factors influencing auditor switching.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Agency theory explains the conflict of interest between agents and principals resulting from information asymmetry, where management tends to prioritize personal interests (Surifah & Rofiqoh, 2020). External auditors play a crucial role in mitigating this conflict by ensuring the transparency of financial statements. However, auditor independence may be compromised by long-term relationships with clients, potentially diminishing audit objectivity (Purba, 2023). In the context of agency theory, auditor switching serves as a mechanism to uphold auditor independence, enhance audit quality, and minimize potential conflicts of interest between management and shareholders.

Signaling Theory

Signaling theory explains that company management provides information to investors as a signal regarding the company's prospects, especially in the presence of information asymmetry (Brigham & Houston, 2019). A high-quality company will provide a positive signal that enhances investor confidence (Purba, 2023). In the context of auditor switching, changing auditors to a larger or more reputable KAP can serve as a positive signal to the market, indicating increased transparency and credibility in financial reporting. Conversely, changing auditors without clear justification can create negative perceptions that may harm the company's reputation in the eyes of investors.

Auditor Switching

Auditor switching refers to the change of a Public Accounting Firm (KAP) to maintain audit independence and objectivity (Cahyono & Sari, 2022). This change may be either mandatory, as required by regulations such as POJK No. 9/2023 (OJK, 2023), or voluntary due to factors such as KAP size, profitability, leverage, and audit delay. The objective is to enhance audit quality and the credibility of financial reporting, making it essential to align this practice with good corporate governance principles (Akadiati, 2018; Ramadan et al., 2022).

KAP Size

The public accounting profession plays a crucial role in ensuring the reliability of financial reports, with Public Accounting Firms (KAP) operating in compliance with regulations (Ashari et al., 2022). Larger KAPs, particularly the Big Four—Deloitte, PwC, EY, and KPMG—are regarded as superior due to their extensive resources and strong reputation (Rahmatika & Yunita, 2021). KAP size influences auditor switching decisions, as companies often opt for larger KAP to enhance transparency, uphold their reputation, and ensure a more independent and high-quality audit.

Profitability

Profitability reflects a company's financial performance in generating profits from its assets, capital, and sales (Sumardi & Suharyono, 2020). The evaluation of profitability is conducted through financial statement analysis to assess operational efficiency and the company's ability to sustain its business (Astuti et al., 2021; Fitriana, 2024). High profitability enables companies to select high-quality auditors to enhance the credibility of financial reports, while low profitability may drive auditor switching to strengthen oversight and improve the company's image in the eyes of stakeholders.

Leverage

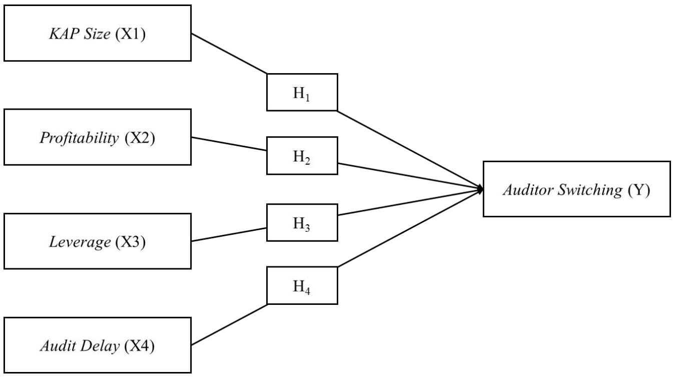
Leverage reflects a company's ability to meet its short-term and long-term obligations, whereas a high level of leverage indicates greater financial risk (Jirwanto et al., 2018). A debt-based funding structure influences the company's financial policies and transparency in its financial statements (Astuti et al., 2021). In the context of auditor switching, highly leveraged companies are more likely to change auditors to enhance the credibility of financial statements, comply with debt covenants, and send positive signals to stakeholders regarding their commitment to good corporate governance.

Audit Delay

Audit delay refers to the time required to complete the audit of annual financial statements, measured from the book closing date to the date of the independent auditor's report (Astuti et al., 2021). It reflects the efficiency of the audit process and may impact the timeliness of financial information presented to stakeholders (Marunduh, 2023). Audit delay can be a contributing factor to auditor switching, as prolonged audit completion may prompt companies to change auditors in an effort to enhance efficiency and ensure regulatory compliance. Conversely, auditor switching may also extend audit delay if the new auditor requires additional time to familiarize themselves with the company.

THEORETICAL FRAMEWORK

This research framework is designed to provide a clear understanding of the study, focusing on the predefined dependent and independent variables, as illustrated in the following figure:



Source: (Processed data, 2025)

Figure 1. Theoretical Framework

HYPOTHESIS

The Influence of KAP Size on Auditor Switching

KAP size, categorized as Big Four and non-Big Four, influences auditor switching, as companies may switch to a larger accounting firm to enhance credibility or to a smaller one for cost efficiency. Research by (Holdi & Tarmizi, 2022) and (Jayanti et al., 2020) found a significant effect of accounting firm size on auditor switching, whereas (Arifah, 2022) and (Hidayatulloh et al., 2022) reported contrary findings. This discrepancy highlights the inconsistency in previous research results, leading to the formulation of the following hypothesis:

H_1: KAP size influences auditor switching.

The Influence of Profitability on Auditor Switching

Profitability refers to a company's ability to generate profits within a specific period and may influence auditor switching. Companies with high profitability are more likely to attract large auditors, whereas low profitability may drive auditor switching in pursuit of a more favorable audit opinion. Research by (Napisah, 2024) and (Fikri & Fachriyah, 2020) found a significant effect of profitability on auditor switching, while (Veda, 2024) and (Sinaga et al., 2021) reported contrary findings. This discrepancy highlights the inconsistency in previous research results, leading to the formulation of the following hypothesis:

H_2: Profitability influences auditor switching.

The Influence of Leverage on Auditor Switching

Leverage is a financial ratio that measures the extent to which a company relies on debt financing relative to its own capital. Companies with high leverage face a heightened risk of default, which may incentivize them to switch auditors in an effort to obtain a more favorable audit opinion. Research by (Pratiwi & Padriyansyah, 2023) and (Sinaga, 2023) found that leverage influences auditor switching, whereas (Zuriansyah & Nurmayanti, 2022) and (Indriajaya, 2023) reported contrary findings. This discrepancy highlights the inconsistency in previous research results, leading to the formulation of the following hypothesis:

H_3: Leverage influences auditor switching.

The Influence of Audit Delay on Auditor Switching

Audit delay refers to the time span between the end of the fiscal year and the issuance of the independent auditor's report. Prolonged audit delays heighten uncertainty regarding financial information, potentially prompting companies to switch auditors to enhance reporting efficiency. Research by (Sujiati et al., 2024) and (Putri, 2022) found that audit delay influences auditor switching, whereas (Arifah, 2022) and (Hartanto et al., 2025) reported contrary findings. This discrepancy highlights the inconsistency in previous research results, leading to the formulation of the following hypothesis:

H_4: Audit delay influences auditor switching.

3. RESEARCH METHOD

This study employs a quantitative method with numerical analysis to test the formulated hypotheses (Veronica et al., 2022). The research focuses on financial sector companies listed on the Indonesia Stock Exchange (IDX) and utilizes annual financial reports published on www.idx.co.id as well as the official websites of the respective companies.

Data Collection Techniques

This study employs documentation and literature study techniques (Sari et al., 2023). The documentation technique involves collecting annual financial reports of financial sector companies published on the IDX and the companies' official websites, which are then selected based on analytical requirements. The literature review is conducted using books, scientific journals, and previous research. The data used in this study are secondary data, specifically audited annual financial reports that have been published prior to their use in the research. External data sources are obtained from the IDX and the companies' official websites to examine the relationship between research variables.

Operational Definitions of Variables

Dependent Variable (Y)

The dependent variable is a variable that is influenced by the independent variable (Veronica et al., 2022). In this study, the dependent variable is auditor switching, which refers to the change of Public Accounting Firm (KAP) by a company, either mandatorily due to regulatory requirements or voluntarily due to internal factors. Auditor switching is measured using a dummy variable, where a value of 1 is assigned if an auditor change occurs, and 0 if no change takes place.

Independent Variable (X)

The independent variable is a factor that influences the dependent variable (Veronica et al., 2022). The independent variables in this study include:

KAP Size (X1)

KAP size refers to the scale of a Public Accounting Firm (KAP) that audits financial statements, determined by the number of clients, reputation, and scope of services (Ashari et al., 2022). KAP size is categorized into Big Four and non-Big Four, measured using a dummy variable, where a value of 1 is assigned for a Big Four KAP and 0 for a non-Big Four KAP.

Profitability (X2)

Profitability reflects a company's ability to generate profits from its operations (Kasmir, 2019). In this study, profitability is measured using Return on Equity (ROE) calculated with the following formula:

$$\boxed{ROE = \frac{Net\ Income}{Total\ Equity}\ x\ 100\%}$$

Leverage (X3)

Leverage represents a company's degree of reliance on debt relative to its equity (Jirwanto et al., 2018). In this study, leverage is measured using the Debt to Equity Ratio (DER), calculated with the following formula:

$$\boxed{DER = \frac{Total\ Debt}{Total\ Equity}\ x\ 100\%}$$

Audit Delay (X4)

Audit delay refers to the time lag between the end of the fiscal year (December 31) and the issuance date of the independent auditor's report (Marunduh, 2023). In this study, audit delay is classified as a dummy variable, where a value of 0 is assigned for an audit delay of ≤ 90 days and 1 for an audit delay of > 90 days, in accordance with POJK No. 14/2022 (OJK, 2022).

Sample Collection Techniques

The population in this study consists of all financial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period, totaling 118 companies. The sample was selected using a purposive sampling technique, which involves selection based on specific criteria to ensure the relevance of the data obtained (Veronica et al., 2022). The sample criteria include: (a) financial sector companies listed on the IDX, (b) publishing consecutive annual financial reports for 2021-2023, (c) providing complete and audited financial reports for the period January 1-December 31, (d) presenting financial reports in rupiah, (e) recording consecutive profits during 2021-2023, and (f) conducting auditor switching during that period. Based on these criteria, 34 companies qualified for the sample, with an observation period of 3 years, resulting in a total of 102 observations for this study.

Data Analysis Techniques

The data analysis techniques used in this study include descriptive statistical analysis, model feasibility testing, logistic regression analysis, and hypothesis testing using IBM SPSS 26.

Descriptive statistics are employed to describe the characteristics of the data, including the mean, standard deviation, minimum value, and maximum value (Ghozali, 2018).

The model feasibility test is conducted using the overall model fit approach, which involves comparing the -2 Log Likelihood (LogL) values before and after incorporating the independent variables. The Hosmer and Lemeshow Goodness-of-Fit Test is applied to assess the model's suitability with empirical data, where a significance value greater than 0.05 indicates a well-fitting model. The coefficient of determination (Nagelkerke's R Square) measures the extent to which the independent variables explain the dependent variable, while the classification matrix evaluates the model's accuracy in predicting auditor switching (Ghozali, 2018).

Logistic regression analysis is utilized because the dependent variable, auditor switching, is binary. The models used are as follows:

$$\boldsymbol{Ln\left(\frac{P\,(AS=1)}{1-P\,(AS=1)}\right) = \beta 0 + \beta 1 UKKAP + \beta 2 PROF + \beta 3 LEV + \beta 4 AD}$$

Description:

P (AS=1)	: Probability of auditor switching occurring
1-P (AS=1)	: Probability of auditor switching not occurring
Ln (P / 1-P)	: Log odds of the probability of auditor switching
β0	: Constant
β1, β2, β3, β4	: Regression coefficient
UKKAP	: KAP Size
PROF	: Profitability
LEV	: Leverage
AD	: Audit delay

Hypothesis testing is conducted using the Wald Test to assess the significance of each independent variable's influence on auditor switching. At a 5% significance level ($\alpha = 0.05$), a variable is considered significant if the p-value (sig value) < 0.05 (Ghozali, 2018). This analysis aims to determine whether KAP size, profitability, leverage, and audit delay significantly affect auditor switching in financial sector companies listed on the IDX for the 2021-2023 period.

4. DATA ANALYSIS AND DISCUSSION

DATA ANALYSIS

Descriptive Statistical Analysis

Table 1. Descriptive statistical analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std.Deviation
Auditor Switching	102	0	1	0.36	0.483
Ukuran KAP	102	0	1	0.28	0.453
Profitabilitas	102	0.001	0.428	0.08032	0.068013
Leverage	102	0.002	14.941	3.41339	3.205535

Audit Delay	102	0	1	0.10	0.299
Valid N (listwise)	102				

Source: (SPSS Output, 2025)

Descriptive statistical analysis provides an overview of the characteristics of the research variables as follows:

a. Auditor Switching is a binary variable (0–1) with an average of 0.36, indicating that 36% of companies changed auditors. The standard deviation of 0.483 suggests a high variation in the data.
b. KAP Size is a binary variable (0–1) with an average of 0.28, meaning that 28% of companies were audited by Big Four KAPs. The standard deviation of 0.453 also indicates a high level of data variation.
c. Profitability ranges from 0.001 to 0.428, with an average of 0.08032 and a standard deviation of 0.068013, suggesting that the data is concentrated around the mean, with low variation.
d. Leverage ranges from 0.002 to 14.941, with an average of 3.41339 and a standard deviation of 3.205535, indicating a relatively wide data spread.
e. Audit Delay is a binary variable (0–1) with a mean of 0.10, showing that 10% of companies experienced audit delays. The standard deviation of 0.299 suggests a high variation in the data.

Model Feasibility Test

a. Assessing Model Fit

Table 2. Assessing Model Fit Stage 1

Block 0: Beginning Block

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	133.621	-0.549
	2	133.616	-0.563
	3	133.616	-0.563

a. Constant is included in the model.
b. Initial -2 Log Likelihood: 133,616
c. Estimation terminated at iteration number 3 because parameter estimates changed by less than 0,001.

Source: (SPSS Output, 2025)

Table 3. Assessing Model Fit Stage 2

Block 1: Method = Enter

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients				
			Constant	Ukuran KAP	Profitabilitas	Leverage	Audit Delay
Step 1	1	129.016	-0.319	0.236	-6.620	0.065	-0.207
	2	128.625	-0.255	0.339	-8.629	0.082	-0.310
	3	128.623	-0.250	0.348	-8.839	0.083	-0.318

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4	128.623	-0.250	0.348	-8.840	0.083	-0.318
5	128.623	-0.250	0.348	-8.840	0.083	-0.318

a. Method: Enter
b. Constant is included the model.
c. Initial -2 Log Likelihood: 133,616
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0,001.

Source: (SPSS Output, 2025)

The decrease in the -2 Log Likelihood (LogL) value from 133.616 in Block 0 to 128.623 in Block 1 indicates that the model, which includes the independent variables KAP size, profitability, leverage, and audit delay, provides a better fit than the model containing only the constant. This improvement in model fit suggests that the logistic regression model is more suitable for explaining the effect of the independent variables on auditor switching.

b. Regression Model Suitability Test

Table 4. Regression Model Suitability Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5.965	8	0.651

Source: (SPSS Output, 2025)

Based on the Hosmer and Lemeshow Test, the significance value is 0.651, which is greater than 0.05 (0.651 > 0.05). This result indicates that there is no significant difference between the predicted values and the observed data, suggesting that the model fits the data well. Therefore, the logistic regression model demonstrates a good fit and is appropriate for explaining the relationship between the independent and dependent variables.

c. Coefficient of Determination

Table 5. Coefficient of Determination

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	128.623[a]	0.048	0.065

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0,001.

Source: (SPSS Output, 2025)

The results of the analysis show that the Nagelkerke R Square value is 0.065, indicating that the independent variables in the model explain only 6.5% of the variation in auditor switching. Meanwhile, the remaining 93.5% is influenced by other factors outside the model. This suggests that additional determinants affecting auditor switching were not included in this study.

d. Classification Matrix

Table 6. Classification Matrix

Classification Table[a]

Observed			Predicted: Auditor Switching – Tidak melakukan auditor switching	Predicted: Auditor Switching – Melakukan auditor switching	Percentage Correct
Step 1	Auditor Switching	Tidak melakukan auditor switching	61	4	93.8
		Melakukan auditor switching	30	7	18.9
	Overall Percentage				66.7

a. The cut value is 0,500
Source: (SPSS Output, 2025)

The logistic regression model is able to predict companies that perform auditor switching with an accuracy of 18.9% (7 out of 37 samples) and companies that do not perform auditor switching with an accuracy of 93.8% (61 out of 65 samples). Overall, the level of model prediction accuracy reaches 66.7%, indicating that the model can be used to identify the tendency of companies to perform or not to perform auditor switching based on the variables used.

Logistic Regression Analysis

Table 7. Logistic Regression Analysis and Hypothesis Testing

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Ukuran KAP	0.348	0.513	0.461	1	0.497	1.416
	Profitabilitas	-8.840	4.502	3.857	1	0.050	0.000
	Leverage	0.083	0.072	1.332	1	0.248	1.087
	Audit Delay	-0.318	0.741	0.185	1	0.667	0.727
	Constant	-0.250	0.394	0.402	1	0.526	0.779

Variable(s) entered on step 1: Ukuran KAP, Profitabilitas, Leverage, Audit Delay

The logistic regression model formulated in this study is as follows:

$$\mathrm{Ln}\left(\frac{\mathrm{AS}}{1-\mathrm{AS}}\right) = -\,0{,}250 + 0{,}348\mathrm{UKKAP} - 8{,}840\mathrm{PROF} + 0{,}083\mathrm{LEV} - 0{,}318\mathrm{AD}$$

a. The constant (-0.250) suggests that, in the absence of independent variables, the probability of auditor switching decreases.
b. The regression coefficient for KAP size (0.348) indicates that a one-unit increase in KAP size leads to a 0.348 increase in the likelihood of auditor switching.
c. The regression coefficient for profitability (-8.840) signifies that a one-unit increase in profitability reduces the likelihood of auditor switching by 8.840.
d. The regression coefficient for leverage (0.083) implies that a one-unit increase in leverage results in a 0.083 increase in the probability of auditor switching.
e. The regression coefficient for audit delay (-0.318) suggests that a one-unit increase in audit delay decreases the likelihood of auditor switching by 0.318.

Hypothesis Testing (Wald Test)

Interpretation of Hypothesis Testing with the Wald Test Method:

a. KAP Size (X1) has a significance value of 0.497 (> 0.05), so H_1 is rejected. This means that the KAP size does not influence auditor switching.
b. Profitability (X2) has a significance value of 0.050 ($\leq$ 0.05), so H_2 is accepted. This means that profitability influences auditor switching.
c. Leverage (X3) has a significance value of 0.248 (> 0.05), so H_3 is rejected. This means that leverage does not influence auditor switching.
d. Audit delay (X4) has a significance value of 0.667 (> 0.05), so H_4 is rejected. This means that audit delay does not influence auditor switching.

DISCUSSION

The Influence of KAP Size on Auditor Switching

The hypothesis test results indicate that KAP size does not significantly affect auditor switching (sig. 0.497 > 0.05). This suggests that a company's decision to change auditors is not determined by whether the audit firm belongs to the Big Four or non-Big Four. Companies tend to retain auditors who are familiar with their business operations to enhance audit efficiency. From the agency theory perspective, larger audit firms (Big Four) are perceived as more credible and capable of mitigating conflicts of interest. Meanwhile, signaling theory suggests that engaging a reputable auditor provides a positive signal to investors regarding the company's commitment to transparency and financial reporting quality. However, the findings of this study indicate that KAP size is not a decisive factor in auditor switching. These results are consistent with the findings of (Arifah, 2022), (Hidayatulloh et al., 2022), and (Gea et al., 2024), which suggest that auditors from both Big Four and non-Big Four firms maintain professionalism and independence in their work. Additionally, companies often choose to retain well-established auditors due to factors such as familiarity, trust, and confidence in audit quality.

The Influence of Profitability on Auditor Switching

The hypothesis test results indicate that profitability has a negative effect on auditor switching (sig. 0.050 $\leq$ 0.05), with a regression coefficient of -8.840. This implies that the higher the profitability, the lower the likelihood of auditor switching. Profitable companies tend to retain their auditors to ensure audit continuity and maintain the credibility of financial statements. From the agency theory perspective, high profitability reflects a strong relationship between companies and auditors, as companies seek to preserve their reputation and sustain investor trust. Meanwhile, signaling theory suggests that retaining the same auditor serves as a signal of financial stability to stakeholders. Conversely, companies with low profitability are more likely to change auditors in an effort to obtain a more favorable audit opinion. These findings are consistent with the research conducted by (Fikri & Fachriyah, 2020), (Ramadhan & Fachriyah, 2023), and (Napisah, 2024), which demonstrate that highly profitable companies exhibit greater loyalty to their auditors for the sake of audit efficiency. However, these results contrast with other studies suggesting that high profitability drives companies to switch to larger and more reputable audit firms (KAP) to enhance credibility.

The Influence of Leverage on Auditor Switching

The hypothesis test results indicate that leverage has no significant effect on auditor switching (sig. 0.248 > 0.05), suggesting that debt levels are not a major determinant in a company's decision to change auditors. Companies with high leverage tend to retain their auditors to ensure operational stability and cost efficiency. From the agency theory perspective, highly leveraged firms require credible auditors to enhance creditor confidence. However, the findings of this study suggest that leverage is not a dominant factor in auditor switching decisions. Meanwhile, signaling theory posits that companies with high leverage should be more selective in choosing auditors to strengthen investor trust, but this assumption is not supported by the results of this study. These findings are consistent with the research conducted by (Romli et al., 2022), (Zuriansyah & Nurmayanti, 2022), and (Indriajaya, 2023), which indicate that companies experiencing financial instability are more likely to retain their existing auditors to maintain shareholder and creditor confidence while avoiding the transition costs associated with hiring a new auditor. Auditors who have previously worked with the company possess a deeper understanding of its financial condition, making the audit process more efficient, even in cases of high leverage.

The Influence of Audit Delay on Auditor Switching

The hypothesis test results indicate that audit delay has no significant effect on auditor switching (sig. 0.667 > 0.05), suggesting that the time required to complete an audit is not a key determinant in a company's decision to change auditors. As long as the auditor is perceived as competent and capable of providing a reliable opinion, companies tend to retain their existing auditors. From the agency theory perspective, prolonged audit delays should motivate companies to switch auditors to enhance the efficiency of financial reporting. However, the findings of this study do not support this assumption. Similarly, signaling theory suggests that timely audit completion sends a positive signal to investors. Nonetheless, the companies in this study did not consider audit delay as a critical factor in auditor switching decisions. These findings are consistent with the research conducted by (Naili & Primasari, 2020), (Arifah, 2022), and (Hartanto et al., 2025), which demonstrate that companies prefer to retain their existing auditors to mitigate the risk of further audit delays. New auditors require time to adapt, familiarize themselves with the company's financial system, and ensure compliance with applicable auditing standards. This transition period can increase the audit workload and extend the audit process rather than improve its timeliness. Consequently, stability, efficiency, and a smooth audit process are the primary reasons why companies opt to retain their previous auditors.

5. CONCLUSION & SUGGESTION

Based on the results of the analysis, the following conclusions were drawn:

a. KAP size does not influence auditor switching, indicating that the size of the public accounting firm is not a primary determinant in a company's decision to switch auditors.
b. Profitability has a negative influence auditor switching, where companies with higher profitability tend to retain their existing auditors.
c. Leverage does not influence auditor switching, suggesting that the level of debt is not a key factor in the decision to change auditors.
d. Audit delay does not influence auditor switching, indicating that the timeliness of the audit process is not a primary consideration in auditor selection.

Based on the research findings, the following recommendations are proposed:

a. For companies: It is essential to evaluate the factors contributing to auditor switching. If an auditor is retained for efficiency reasons, it is crucial to ensure that the auditor remains independent and professional.
b. For public accounting firms (KAP): Firms should enhance their service quality, communication, credibility, and auditor competence to maintain client trust and loyalty.
c. For investors: Auditor switching should be considered when assessing the reliability of financial statements, as frequent auditor changes may indicate potential issues related to audit quality or financial transparency.
d. For future researchers: Expanding research to other industrial sectors would provide more varied and generalizable findings across different types of companies. Additionally, given that the Nagelkerke R Square value is 0.065 (6.5%), the independent variables in this study explain only a small portion of the variation in auditor switching. Future research should incorporate additional factors such as audit opinions, management changes, company size, business complexity, and corporate governance to enhance the accuracy and comprehensiveness of the research model.

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