

The Effect of Financial Distress, Audit Opinion and Audit Fee on Auditor Switching (Empirical Study on Mining Companies Listed on the Indonesia Stock Exchange)

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Submitted:
12 AUGUST 2024

Accepted:
23 OCTOBER 2024

ABSTRACT

This study aims to analyze the effect of financial distress, audit opinion, and audit fee on auditor switching in mining companies listed on the Indonesia Stock Exchange (IDX). This study uses a quantitative research method. The sampling technique in this study uses a purposive sampling technique. The population is all mining sector companies listed on the IDX in 2022-2023, totaling 85 companies and the research sample is 46 companies. Using logistic regression analysis with SPSS 25.0 software in analyzing data in the preparation of this study. The results of this study are that financial distress and audit opinion do not have a significant effect on the company's decision to conduct auditor switching. Meanwhile, audit fees have a significant effect on the company's decision to conduct auditor switching.

Keywords: Auditor switching, Financial Distress, Audit Opinion and Audit Fee

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh financial distress, opini audit, dan audit fee terhadap auditor switching pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia (BEI). Penelitian ini menggunakan metode penelitian kuantitatif. Teknik pengambilan sampel dalam penelitian ini menggunakan teknik purposive sampling. Populasi yaitu semua perusahaan sektor pertambangan yang terdaftar di BEI tahun 2022-2023 sejumlah 85 perusahaan dan sampel penelitiannya berjumlah 46 perusahaan. Menggunakan analisis regresi logistik dengan software SPSS 25.0 dalam menganalisis data pada penyusunan penelitian ini. Hasil penelitian ini adalah financial distress dan opini audit tidak memiliki pengaruh signifikan terhadap Keputusan perusahaan untuk melakukan auditor switching. Sedangkan, audit fee memiliki pengaruh signifikan terhadap keputusan perusahaan untuk melakukan auditor switching.

Kata kunci: Auditor Switching, Financial Distress, Opini Audit dan Audit Fee

INTRODUCTION

Financial reports are one of the important sources of information for users, especially in making economic decisions. According to Hery (2023), financial reports function to report business transactions or economic events within a certain period of time based on

JIAKES

Jurnal Ilmiah Akuntansi
Kesatuan

Vol. 12 No. 5, 2024
pp. 759-770

IBI Kesatuan

ISSN 2337 – 7852

E-ISSN 2721 – 3048

DOI: 10.37641/jiakes.v12i5.2918

Financial Accounting Standards (SAK). The information contained therein becomes very useful if it can be used as a future prediction through a process of comparison, evaluation, and trend analysis. PSAK No. 1 of 2018 states that financial reports are a structured delivery of the financial position or financial performance of an entity with the aim of providing useful information for report users in making economic decisions. To ensure the fairness of financial reports, the services of a public accountant or auditor are required who are responsible for providing opinions on the financial reports presented.

Auditor independence is an important key in maintaining audit quality. Murti & Firmansyah (2017) and Nautani (2024), explain that auditor independence means taking an unbiased point of view, which must be possessed both in fact (independence in fact) and in appearance (independence in appearance). Auditors are required to be independent and objective when conducting audits, because clients need auditor services to provide the expected audit opinion. Auditor switching is the practice of changing independent auditors by a company, which can be mandatory or voluntary. In Indonesia, mandatory auditor changes are regulated by the Minister of Finance Regulation No. 17/PMK.01/2008 and OJK Regulation No. 13/POJK.03/2017, which aim to maintain audit independence and objectivity. In addition to government regulations, auditor changes can also be caused by various factors such as dissatisfaction with the performance of the previous auditor or the company's financial condition.

Financial distress is one of the factors that causes auditor switching. According to Puspayanti & Suputra (2018), financial distress occurs when a company is unable to pay its financial obligations when due, which can harm shareholders, creditors, and managers. Financial distress analysis is important for interested parties such as creditors, investors, regulatory authorities, auditors, and management (Indriani & Ramli, 2024). An example of a financial distress case that affects auditor switching is PT. Bumi Resources Tbk (BUMI) which experienced a change of auditor in 2022 after recording a large loss due to weakening coal prices, declining sales volume, and debt payments. Audit opinions also affect auditor switching. Companies tend to want an Unqualified Opinion (WTP) to increase the credibility of their financial statements. If the company does not get a WTP opinion, they tend to switch auditors to find auditors who are considered able to provide the expected opinion. An example of a case is PT. Mitra Investindo Tbk (MITI) which received various audit opinions over the past few years, which influenced the company's decision to switch auditors.

Audit fee is another factor that influences auditor switching. Audit fee is a payment of compensation for services to auditors after carrying out their duties. The desire of companies to switch auditors can be caused by audit fees that are considered too high. An example of a case is PT. Borneo Olah Sarana Sukses Tbk (BOSS) which changed their auditors to optimize audit costs and ensure the company's operational efficiency. This study is based on agency theory which emphasizes the importance of auditor independence in reducing conflicts of interest between management and shareholders. Auditor switching often occurs as an effort to reduce this conflict of interest and ensure that the company's financial statements are presented honestly and fairly. This study replaces the independent variable of company size with audit fees and focuses on mining companies, which have complex operations and unique technical and financial challenges. Based on the above phenomena, the problem of this study is whether financial distress, audit opinion, and audit fee affect auditor switching? And the purpose of this study is to empirically test and determine whether financial distress, audit opinion and audit fee affect auditor switching.

LITERATURE REVIEW

Agency theory, proposed by Meckling & Jensen (1976), is one of the important foundations in understanding the dynamics of the relationship between owners (principals) and managers (agents) in an organization or company. This theory emphasizes how differences in interests between owners and managers can cause

conflict and incur agency costs. Agency theory explains that there are three basic assumptions in the relationship between principal and agent: assumptions of human nature, organization, and information. The assumption of human nature states that managers often prioritize personal interests over the company, resulting in two different interests in the organization. The organization assumption highlights the potential for conflict and information asymmetry between principals and agents. The information assumption recognizes the difficulty of supervising managers due to information asymmetry. The main objective of this theory is to minimize the costs arising from asymmetric information through proper contract design (Hartadi, 2012; Holdi & Tarmizi, 2022).

To resolve the conflict of interest between the principal and the agent, an independent third party is needed, namely the auditor, who assesses the fairness of the financial statements and maintains the long-term sustainability of the Company. Agency theory links auditor switching activities to the existence of distrust between the principal and the agent, especially when management feels that the auditor's assessment is less favorable. Financial distress conditions are also relevant, where the company faces financial instability, thus encouraging auditor changes to obtain a more favorable opinion. The relationship between audit opinion and agency theory is also significant, because the auditor is responsible for examining the fairness of the financial statements. If the opinion is not in line with management's wishes, a change of auditor is likely to occur. Audit fees as an important component in agency theory must be adequate so that auditors are encouraged to work objectively and reduce conflicts of interest.

Auditor switching, or auditor change, is a phenomenon that often occurs in the business world, both mandatory and voluntary. Auditor switching is important because of the audit rotation obligations set by regulations, as well as other factors that encourage companies to change their auditors. Auditor switching can be influenced by various factors, both from the client and from the auditor itself. Factors that influence auditor switching from the client side (client-related factors) include financial difficulties, management failure, changes in ownership, and initial public offerings (IPOs). Meanwhile, from the auditor side (auditor-related factors), the factors include audit fees and audit quality. Auditor switching can also occur due to regulations that limit the audit engagement period, such as those implemented in Indonesia. Other reasons for auditor switching include disagreements over certain accounting practices, which encourage clients to seek auditors that are more in line with their policies (Susanto et al., 2023).

Auditor turnover is important to maintain audit quality and auditor independence, because a long relationship with a client can reduce objectivity due to emotional attachment (Alisa et al., 2019). In Indonesia, auditor rotation rules are regulated in the Minister of Finance Regulation Number 17/PMK.01/2008 concerning Public Accounting Services, which limits audit services by Public Accounting Firms (KAP) to one entity for six consecutive years and by public accountants for three consecutive years. This rule was updated in Government Regulation Number 20 of 2015 (Sari & Astika, 2018). In addition to regulatory factors, competition between KAPs also encourages auditor switching. This change is carried out if the company is dissatisfied with the audit results or has disagreements over certain accounting practices (Triharyanto & Siahaan, 2021). Lee & Sukartha (2017), emphasized that auditor competence and independence are important for detecting misstatements in financial statements.

Financial distress is a condition in which a company experiences serious problems in terms of liquidity, which causes the inability to meet short-term financial obligations such as trade payables and interest expenses. According to Ramadhani & Lukviarman (2009), financial distress is a very severe liquidity problem that cannot be resolved without significant changes to the company's operations or structure. This situation indicates that the company's operating cash flow is insufficient to pay off current liabilities, so the company needs to take corrective action. Financial distress serves as an

early warning of bankruptcy, so that management can take action to prevent bigger problems (Wijaya et al., 2024). This condition indicates a company's financial crisis before it actually goes bankrupt, namely the company's inability to meet obligations due to lack of operational funds (Hariyanto, 2018). Financial distress often triggers negative responses from investors, reduces trust in the company (Wulandari et al., 2019) and causes companies to carry out voluntary auditor switching to adjust to difficult financial conditions (Puspayanti & Suputra, 2018). According to Sulastris & Zannati (2018), internal factors such as difficult cash flow, high debt, and operational losses can trigger this condition. When financial difficulties occur, the relationship between clients and accountants tends to deteriorate, which can lead to termination of cooperation, profit deficits, and bankruptcy in the form of liquidation, business closure, or economic failure (Makruf & Ramdani, 2021).

Audit opinion is a statement of opinion from the auditor regarding the fairness of the company's audited financial statements (Pratama & Sudiyatno, 2022). This opinion serves as an indicator for company management and other external parties regarding the validity and integrity of the financial statements presented. Another definition of audit opinion states that an audit opinion is a statement by the auditor to management regarding the audit results to provide an indication of the fairness of the company's financial statements (Triharyanto & Siahaan, 2021). The process of providing an audit opinion is carried out through systematic audit stages so that the auditor can provide accurate conclusions on the audited financial statements (Handayani, 2023; Fadila et al., 2023). Companies often choose to change auditors based on the audit opinion given. They generally want an unqualified opinion so that investors and stakeholders have a positive perception of the company's financial performance (Wardana & Ermian Challen, 2019). There are five types of audit opinions that auditors can issue, namely: unqualified, unqualified with explanatory paragraph, qualified, adverse, and disclaimer of opinion (Gharibi & Geraeely, 2018). Inconsistencies in audit results can encourage companies to change auditors according to their vision and mission (Widya Pratama & Sudiyatno, 2022).

Audit fee is a right obtained by the auditor for services provided to the client, and the determination of the audit fee must be mutually agreed upon between the client and the auditor to avoid a price war that can damage the credibility of the public accountant (Wulandari & Suputra, 2018). The audit fee is also income received by the public accountant after carrying out his audit services, where the amount of the fee depends on the risk of the assignment, the complexity of the services provided, the level of expertise required, and the cost structure of the Public Accounting Firm (KAP) concerned (Andriani & Nursiam, 2017). The audit fee is a fee paid by the client to the external auditor, depending on the complexity of the audit and the reputation of the KAP (Sinaga & Rachmawati, 2018). Even though paid by the company, the auditor must still maintain his independence. According to the Decree of the General Chairperson of IAPI Number: KEP.024 / IAPI / VII / 2008, the determination of the audit fee takes into account the client's needs, expertise, responsibilities, and time required. Negotiations on audit fees between management and auditors have the potential to reduce audit quality (Lee & Sukartha, 2017; Amyar, 2023). Companies may switch KAPs if audit fees are considered high or difficult to reach (Sari & Widanaputra, 2016).

Based on the basic concepts of the theory explained above, the researcher describes the Influence of Financial Distress, Audit Opinion and Audit Fee on Auditor Switching (Empirical Study of Mining Companies Listed on the Indonesia Stock Exchange), agency theory discusses the relationship between principals and agents that are prone to information asymmetry, especially in conditions of financial distress. When a company faces financial difficulties, the uncertainty of performance information increases, increasing the risk for shareholders to receive data that may be inaccurate. In this context, auditor switching is often used as a strategy to bring in new, more independent auditors, providing an objective view of financial conditions. According to Hariono & Azizudin (2022), companies with financial pressure are more likely to change KAPs,

because auditors increase their prudential evaluation of companies threatened with bankruptcy. Changing auditors also increases stakeholder trust and provides a positive image for the company (Dwiyanti & Sabeni, 2014; Fina et al., 2024).

In an effort to restore shareholder trust, company management is often encouraged to switch auditors. This condition can worsen if accompanied by large additional costs, so that companies tend to choose auditors or KAPs with lower costs and in accordance with their financial capabilities (Simalango & Siagian, 2022; Afidah & Candrawati, 2023). Research shows that financial distress has a positive effect on auditor switching, encouraging companies to look for auditors that are more suited to their needs and financial situation.

H1 : Financial distress has a positive effect on auditor switching.

Within the framework of agency theory, audit opinion plays an important role in influencing the level of shareholder trust and transparency in company management. If the audit opinion given by the auditor is unsatisfactory, shareholder trust in management can be disturbed, prompting the company to change auditors in order to get a more independent and reliable view of the company's financial condition. Audit opinion is the auditor's opinion on the company's financial statements, such as unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion (Supriono, 2022). Qualified opinion can cause dissatisfaction between management and auditors, triggering auditor switching. According to Hidayatulloh et al. (2024), auditor switching helps companies find auditors who are more in line with management. Hariono & Azizudin (2022), added that auditor switching often occurs when the audit opinion given does not meet management's expectations. Research by Hamzah et al. (2023), shows that dissatisfaction with audit opinion can encourage companies to change auditors. This statement is supported by research by Holdi & Tarmizi (2022) and Widya Pratama & Sudiyatno (2022), which states that audit opinion can positively influence auditor switching. Therefore, an unsatisfactory audit opinion can motivate companies to switch auditors in order to obtain an opinion that is more in line with management's wishes and increase investor confidence.

H2 : Audit opinion has a positive effect on auditor switching.

Agency theory emphasizes the importance of an appropriate incentive structure between management and shareholders to reduce conflicts of interest. In the context of audit fees, companies view audit fees as costs necessary to meet external oversight needs and ensure the reliability of financial statements. However, managers also have incentives to reduce costs in order to maximize their own profits. If audit fees are considered too high or not commensurate with the benefits obtained, companies may consider switching auditors as an effort to control costs and meet shareholder expectations for spending efficiency. Audit fees are compensation for auditors that are adjusted to the duties and reputation of the accounting firm. Disagreements regarding audit fees can encourage companies to switch auditors to get lower fees. Danarwati & Susilandari (2021) and Nainggolan et al. (2022), found that audit fees affect accounting firm switching. Therefore, audit fees that are considered too high can motivate companies to switch auditors in order to control costs and maintain spending efficiency.

H3 : Audit fees have a positive effect on auditor switching.

METHODS

This study uses a quantitative approach to analyze the relationship between Financial Distress, Audit Opinion, and Audit Fee on Auditor Switching in mining companies listed on the IDX in 2022-2023. The study population was 85 mining sector companies, with sampling using a purposive sampling method based on certain criteria,

such as being listed on the IDX and publishing financial statements in Rupiah currency in 2022-2023. The data used are secondary data obtained from financial reports on the IDX website. The data collection technique uses non-participant observation, where the researcher is not directly involved in the activities being studied. The operational definitions of the variables include: Auditor Switching (dependent variable) expressed in dummy form, Financial Distress measured by the Debt to Asset Ratio (DAR), Audit Opinion with dummy variables, and Audit Fee with the logarithm value of the audit fee. The data analysis method uses descriptive statistics to describe the characteristics of the data and logistic regression analysis to predict the dummy variables. The logistic regression model predicts auditor switching based on Financial Distress, Audit Opinion, and Audit Fee. Several statistical tests used include Overall Model Fit (-2 Log Likelihood), Determination Coefficient (Nagelkerke R Square), and Hosmer and Lemeshow's Goodness of Fit to measure the feasibility of the model. Multicollinearity tests are conducted to ensure there is no correlation between independent variables. The results of this study are expected to identify factors that influence auditor switching, so that they are useful for companies, auditors, and researchers to understand the dynamics of auditor switching in mining companies.

RESULTS

This study was conducted on 85 mining sector companies listed on the Indonesia Stock Exchange during 2022 and 2023. These companies were selected based on the criteria of having financial reports in Rupiah currency. The data processed includes 4 variables, with 1 dependent variable, namely auditor switching and 3 independent variables, namely Financial Distress, Audit Opinion, and Audit Fee. The data used in this study are secondary data, obtained from the financial reports of 85 companies in the mining sector. In addition, literature studies through textbooks, scientific journals, and other relevant written sources were also used as sources of data collection. The population in this study were mining sector companies listed on the Indonesia Stock Exchange in 2022-2023. Sampling was carried out using the purposive sampling method. The sample selection process with the criteria of mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2022-2023 as many as 85 companies, mining sector companies that did not publish financial reports in rupiah currency during 2022-2023 as many as 44 companies, mining sector companies that did not publish financial reports consistently in 2022-2023 as many as 18 companies in 2 years of observation.

Statistical analysis for ratio data includes the calculation of average, minimum value, maximum value, and standard deviation. In this study, the ratio variables analyzed are Financial Distress and Audit Fee. Financial Distress is measured by the ratio of total liabilities to total assets, while Audit Fee is measured by the natural logarithm of audit fees. The following are the results of descriptive statistical tests for ratio scale data:

Table 1. Descriptive Analysis for DAR and Audit Fee Variables

	N	Min	Max	Mean	Std. Deviation
Financial Distress	46	-173.59	1504.71	155.5155	304.15510
Audit Fee	46	18.34	24.57	21.3527	1.49031
Valid N (listwise)	46				

Source : Spss 25,2024

Based on Table 1, financial distress measured using the ratio of total liabilities to total assets shows significant variation between sample companies. The minimum value of -173.59 (PT. Elnusa Tbk, 2023) indicates a very poor financial condition or extreme negative cash flow. Conversely, the maximum value of 1504.71 (PT. Indah Prakarsa Sentosa Tbk, 2022) indicates a very high ratio of liabilities to assets. The average financial distress of 155.5155 with a standard deviation of 304.15510 indicates a large variation in financial health among sample companies. Audit fees, measured using the natural logarithm of audit fees, show smaller variations. The minimum value of 18.34

(PT. Ulina Nitra Tbk, 2023) and the maximum of 24.57 (PT. AKR Corporindo Tbk, 2023) illustrate a fairly wide range of audit fees. The average audit fee of 21.3527 with a standard deviation of 1.49031 shows that most companies have relatively similar audit fees.

Statistical analysis for nominal data involves calculating the number and percentage based on categories. In this study, the nominal variables are Auditor Switching, which is scored 1 if the company changes auditors voluntarily and 0 otherwise, and Audit Opinion, which is scored 1 if the company receives a qualified opinion without submitting and 0 otherwise. The following are the results of statistical tests for the nominal data:

Table 2. Descriptive Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Auditor Switching	No Change of Auditors Occurred	21	45.7	45.7	45.7
	There was a change of auditors	25	54.3	54.3	100.0
	Total	46	100.0	100.0	
Audit Opinion	Apart from being fair without exception	11	23.9	23.9	23.9
	fair without exception	35	76.1	76.1	100.0
	Total	46	100.0	100.0	

Source: Spss 25,2024

Based on Table 2 Statistical analysis for the Auditor Switching variable, it shows that of the 46 companies analyzed, 21 companies (45.7%) did not experience auditor switching, while 25 companies (54.3%) experienced auditor switching. These results indicate that auditor switching occurs evenly among the sample companies. Statistical analysis for the Audit Opinion variable shows that of the 46 companies analyzed, 35 companies (76.1%) received an "unqualified" audit opinion, while 11 companies (23.9%) received an "other than unqualified" audit opinion. This shows that the majority of companies in the sample received a positive audit opinion. The cumulative percentage reaches 100%, indicating that the entire sample has been analyzed.

To test the hypothesis, a logistic regression test was used involving all variables, namely the size of financial distress, audit opinion, and audit fee on auditor switching.

Table 3. Logistic Regression Coefficient Test

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1 ^a	Financial Distress	-0.001	0.001	0.828	1	0.363	0.999
	Audit Opinion	-0.358	0.778	0.212	1	0.645	0.699
	Audit Fee	0.518	0.240	4.654	1	0.031	1.679
	Constant	-10.421	5.144	4.104	1	0.043	0.000

Source : Spss 25,2024

Based on the results of the interpretation of the logistic regression test in Table 3, it is obtained that the constant in the model has a coefficient of -10.421 with a standard error of 5.144 and a Wald value of 4.104. The significance value (Sig.) for the constant is 0.043, indicating that the constant is significant at the 5% level. The very low Exp(B) value approaching zero (0.000) indicates that the chance of Auditor Switching is very low when other independent variables are considered zero. The coefficient for the Financial Distress variable is -0.001 with a standard error of 0.001 and a Wald value of 0.828. The significance value (Sig.) for this variable is 0.363, indicating that there is no significant relationship between the level of Financial Distress and the possibility of Auditor Switching. The Exp(B) value of 0.999 indicates that a one-unit change in Financial Distress has almost no effect on the chance of Auditor Switching. Thus, these results imply that the level of Financial Distress does not affect the company's decision to change auditors. The Audit Opinion variable has a coefficient of -0.358 with a

standard error of 0.778 and a Wald value of 0.212. The significance value (Sig.) of 0.645 indicates that there is insufficient evidence to state significantly that Audit Opinion has an effect on Auditor Switching. The Exp(B) value of 0.699 indicates that each unit increase in the Audit Opinion variable reduces the chances of Auditor Switching by 30.1%, but this result is not statistically significant.

The coefficient for the Audit Fee variable is 0.518 with a standard error of 0.240 and a Wald value of 4.654. The significance value (Sig.) for Audit Fee is 0.031, indicating a statistically significant relationship between audit fees and the company's decision to conduct Auditor Switching at a significance level of 5%. The Exp(B) value of 1.679 indicates that every one unit increase in audit fees increases the chances of Auditor Switching by 67.9%. This indicates that audit fees have the potential to be an important factor in the company's decision regarding auditor switching.

DISCUSSION

This study aims to analyze the effect of financial distress, audit opinion, and audit fee on auditor switching decisions in mining companies listed on the Indonesia Stock Exchange. The results of the analysis show that of the three variables studied, only audit fee has a significant effect on auditor switching decisions. The results of the first hypothesis test show that financial distress as proxied by the Debt To Equity Ratio (DER) does not have a significant effect on the decision of mining companies listed on the IDX in conducting auditor switching. This finding indicates that companies experiencing financial difficulties tend not to change auditors. Several factors can explain this phenomenon. First, auditor switching can result in increased audit costs, especially in the early stages of the assignment. New auditors require significant time and resources to deeply understand the business environment and audit risks of the client, which has the potential to increase the initial audit costs (start-up costs). For companies experiencing financial distress, this additional cost is a burden that they want to avoid (Harnanto et al., 2019).

Second, audits conducted by new auditors have a higher risk of error due to a lack of in-depth understanding of the client company's operations and financial statements. Errors in audits can result in additional costs or even legal problems, which are certainly additional burdens that companies experiencing financial difficulties want to avoid (Pradhana & Suputra, 2015). Furthermore, companies experiencing financial distress tend to retain the same auditor to maintain the trust of shareholders and creditors. Changing auditors too often can elicit negative responses from various stakeholders (Pradhana & Suputra, 2015). This is in line with the findings of Jones (2023), which states that companies with weak financial conditions are more likely to retain their auditors to avoid additional costs and uncertainty. Tjahjono et al. (2021), also support this finding by stating that financial distress does not have a significant effect on auditor switching. They emphasize that when a company experiences financial distress, the possibility of the company switching auditors is very small because the company's financial condition is unstable.

The results of the second hypothesis test indicate that unqualified or unmodified audit opinions given to companies do not have a significant influence on the decisions of mining companies listed on the IDX in conducting auditor switching. This finding indicates that audit opinions are not the main factor that drives companies to change their auditors. Several reasons can explain this phenomenon. First, companies that change auditors tend to receive audit opinions that are similar to those given by the previous auditor. This is because audit opinions are primarily based on the quality of the financial statements presented by the company, not on the preferences or characteristics of a particular auditor (Harnanto et al., 2019).

Second, companies tend to evaluate auditors based on their performance and independence, not solely on the audit opinion given. The audit opinion is used as an evaluation tool to assess the company's performance in the following year, not as a basis for changing auditors (Pratama & Sudiyanto, 2022). Furthermore, the trust that has

been built between the company and the auditor plays an important role in the decision to retain the auditor. Even if the auditor gives an opinion other than unqualified, this does not always result in auditor switching if there is strong trust between the two parties (Pratama & Sudiyanto, 2022). This finding is supported by research by Johnson et al. (2020), which found that audit opinions did not have a significant effect on auditor switching decisions in the manufacturing sector. They concluded that the quality of the relationship between the auditor and the client was more influential than the audit opinion itself. In contrast, Tjahjono et al. (2021), found that in the financial sector, companies with good audit opinions tend to retain their auditors to maintain stability and shareholder trust. The results of testing the third hypothesis show that audit fees have a significant effect on the decisions of mining companies listed on the IDX in conducting auditor switching. This finding indicates that the amount of audit fees charged by auditors is an important consideration for companies in deciding to change their auditors.

Several factors can explain this phenomenon. First, companies that are dissatisfied with the audit fee charged by the auditor often switch auditors. The amount of audit fee that is considered too high by the company can trigger disagreements between the company and the auditor, prompting the company to look for alternative auditors with lower or tolerable fee offers (Pradhana & Suputra, 2015). Second, when the audit fee offered by the auditor exceeds the tolerance limit set by the company, the main consideration that the company will make is to save audit costs. The company is willing to make the decision to switch to a new auditor even though it has the potential to lose cooperation and experience with the old auditor. This auditor switching decision, although potentially risky, tends to be taken as a strategic step in order to maintain the company's financial health (Hadi, 2013). This finding is consistent with the research of Hollingsworth et al. (2020), which found that high audit fees are one of the main factors driving auditor switching in the retail sector. They showed that companies facing cost pressures tend to look for new auditors with more competitive rates. Furthermore, Lin & Chen (2021), in the context of technology companies, showed that companies often change auditors to get better deals on audit fees, especially when they are experiencing financial pressure. This confirms that audit fees are indeed a significant factor in companies' decisions to switch auditors.

CONCLUSION

Financial distress does not have a significant effect on auditor switching in mining companies listed on the IDX. Companies experiencing financial distress tend to retain the same auditor to avoid additional costs and maintain stakeholder trust. Audit opinion does not have a significant effect on auditor switching decisions. Companies tend to evaluate auditors based on performance and independence, not solely on the audit opinion provided. Audit fees have a significant effect on auditor switching. Companies tend to switch auditors when audit fees are considered too high or exceed the established tolerance limit. The results of the study indicate that economic factors (audit fees) are more influential than audit quality factors (audit opinions) or the company's financial condition (financial distress) in auditor switching decisions in the Indonesian mining sector.

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