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ANALYSIS OF FINANCIAL FACTORS AND NON-FINANCIAL FACTORS AFFECTING AUDITOR SWITCHING

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Abstract
This study aims to determine the effect of monetary and non-monetary components on voluntary auditor turnover. Management, board, and audit committee quality are examples of non-financial impacts. Factors such as business growth, financial problems, profitability, and liquidity are included in the assessment of financial elements. Auditors can be replaced by law or voluntarily. Quantitative methods are used in this research. Specifically, this study will investigate manufacturing companies in the food and beverage industry during the period 2018-2022. Random selection of 14 companies is used as a sample method. The data analysis method used is logistic regression analysis. The results showed that the factors of management quality, board of commissioners, and audit committee did not have a significant impact on the auditor's decision to voluntarily resign. Financial crisis, profitability, and liquidity have no positive impact on voluntary auditor turnover. However, company growth has an influence on voluntary auditor turnover.

***Keywords**: Auditor Rotation, Auditor Turnover, Voluntary Auditor Turnover*

1. Introduction

External auditors, who are third parties, are employed by Public Accounting Firms (Argento *et al*., 2018). The scope of services offered by this public accounting firm to its clients includes insurance consulting, financial statement examination (audit), and financial statement preparation (Abbas *et* al., 2022). Following a directive from the Ministry of Finance, PT Garuda Indonesia (Persero) Tbk has issued revised financial statements for 2018. The financial statements were then supervised by the Financial Services Authority and audited by the Supreme Audit Agency. Garuda Indonesia's 2017

financial statements showed inconsistencies detected by the Financial Services Authority and the Ministry of Finance. More precisely, audit firm Kasner Sireumpa identified errors in the disclosure of unbilled revenue. In addition, events that occurred after the initial disclosure of the financial statements were not taken into account by the auditors. Financial Services Authority and the Ministry of Finance imposed sanctions on Garuda Indonesia after evaluating the company's financial records based on the aforementioned findings.

In addition, in the 2018 financial year, the Registered Certificate of the auditor assigned with the responsibility of examining the financial statements of PT Garuda Indonesia (Persero) Tbk and its subsidiaries was temporarily suspended by the Financial Services Authority. Administrative sanctions for one year now threaten Kasner Sireumpa, a public accountant, and public accounting firms Tanubrata, Sutanto, Fahmi, Bambang & Partners, a public accounting firm (Utami, 2019).

PT Asuransi Jiwasraya (Persero) revealed inconsistencies in its financial statements at the end of 2019, which were considered contrary to accounting principles. Despite auditor changes from 2006 to 2014, the public accounting firm overseeing the audit during that period failed to identify any improper practices (Deliana et al., 2021). In addition, between 2017 and 2021, Indonesia experienced five consecutive auditor changes, which impacted many organizations. PT Cardig Aero Services Tbk, PT Ekadharma International Tbk, PT Inti Agri Resources Tbk, PT Kimia Farma (Persero) Tbk, and PT Prima Alloy Steel Universal Tbk are some examples (Deliana et al., 2021). The review of the financial statements of the five companies whose auditors were replaced did not find any problems, and the reasons for the change of auditors were not disclosed. This incident raises questions about the undeniably significant factors that contribute to auditor replacement. In Research (Aprillia, 2013; Diana, 2018; Pitaloka & Guritno, 2021) financial distress and company growth are factors that influence audit rotation.

In addition, in research Harsono & Rina (2023) the change of managing director is one of the factors that influence auditor switching. The audit committee is also a factor that significantly affects auditor switching in research Murni & Arta (2021). In this study, the authors want to examine and research not only from the angle of financial factors as in previous studies. However, other non-financial factors can also be an influencing factor on auditor turnover. The phenomena, concerns, and issues mentioned above interest the authors to examine auditor turnover from an organizational point of view.

Therefore, the authors intend to examine and assess the effect of financial and non-financial factors on voluntary auditor switching. Non-financial factors that require examination include aspects relating to management, commissioners, and audit committee quality. In addition to the financial factors mentioned above, auditor switching can also be influenced by company expansion, liquidity, financial distress, and profitability. The

purpose of this study and research is to provide in-depth information to decision makers regarding auditor switching on the company's board of directors and commissioners.

2. Literature Review

2.1 Agency Theory

This study uses Grand Theory within the framework of Agency Theory, a concept originally introduced by Jensen and Meckling (Jensen, 1976). Basically, this theory shows that there is a lack of trust and unequal access to information between company managers (agents) and company owners (principals) which results in information asymmetry. Shareholders as stakeholders require clear, transparent and accountable financial information. Meanwhile, the management is also indicated to make information reports in accordance with its goals and interests, namely profit. To avoid conflicts between the two, agency costs arise. This agency cost arises because of the cost required for a third party who is independent and has the ability to examine the information presented by management (Jansen *et al*., 2019). This third party in the form of an external auditor is neutral and impartial to anyone and works professionally in accordance with the professional ethics it upholds.

2.2 Auditor Switching

The process by which clients or companies move auditors from one Public Accounting Firms to another is known as auditor switching (Khasharmeh, 2015). There are two scenarios where information asymmetry will lead to demand for audit services. According to agency theory, the duty of an independent audit is to curb the escalation of agency costs caused by management's selfish actions (Narsa & Supriyadi, 2019). Auditor turnover requirements can be mandatory or voluntary, depending on the main emphasis (Collis, 2012). The company will be the center of attention if the auditor change is voluntary. On the other hand, if it is mandatory, the auditor will receive more attention than before. There are two reasons why companies change their auditors when there is no legal requirement to do so: the auditor resigns or the client fires them. Investigations will be conducted to determine the cause of these situations and to identify the client's objectives, regardless of the specific events that occurred. If the client disagrees with the accounting practices implemented by the current management, then it is anticipated that they will change to a more flexible and cooperative auditor (Bhattacharjee *et al*., 2020).

2.3 Non-Financial Factors of Management Aspects on Auditor Switching

One of the non-financial elements that can influence the decision to change the company's external auditor is the managerial and shareholder aspects (Petryk, 2018). As the owner and manager of the company, management has an interest in the output in the form of an opinion that will be issued by the auditor. A change in board of directors can

indicate a change in management, one of the things that can lead to a change in auditors. The arrival of a new manager or CEO may indicate that the current approach needs to be modified. When management changes, policies may be issued, and auditor changes are one of those policies. This includes managerial decision making (Wibowo, 2012).

Factors related to trust usually cause management to change auditors. According to (Sinarwati, 2010), if the auditor fails to provide the desired view, management usually dismisses the auditor voluntarily. In this scenario, the company will look for an auditor that best suits its specific needs. Thus, a company is less likely to switch to a different set of rules for accounting purposes if its Public Accounting Firms is more in line with its accounting policies and reporting. Alternatively, the company may stop using the current Public Accounting Firms if the Public Accounting Firms cannot meet the requirements of rapid expansion. In research (Aprillia, 2013), (Dwiyanti & Sabeni, 2014), (Harsono & Rina, 2023), and (Herawaty & Ovami, 2021) show that management turnover which is a managerial aspect affects auditor turnover.

H1 : Managerial aspects have a positive effect on auditor switching

2.4 Earnings Management on Auditor Switching

Managers change agreements and make choices about financial statements. They do this to trick people about the financial health of the company or change the terms of the contract based on the numbers shown in the financial statements (Healy, 1999). This is known as earnings management. Despite the different nomenclature, all definitions have a common thread that unites them: earnings management refers to the deliberate manipulation of financial statements by managers, utilizing various accounting techniques and procedures used within the firm. Simply put, these managerial efforts manifest as deliberate activities aimed at deceiving stakeholders, causing those affected to make unwise decisions and harm themselves.

H2 : Earnings management negatively affects auditor switching

2.5 Aspects of the Board of Commissioners on Auditor Switching

The Company's organizational structure consists of two important bodies that each have different duties and responsibilities, namely the Board of Directors and the Board of Commissioners. In accordance with the provisions of Law No. 40/2007 and Financial Services Authority Regulation No. 33/POJK.04/2014, the corporate body in charge of supervising and advising the Board of Directors, in accordance with the company's articles of association, is the Board of Commissioners. The Board of Commissioners consists entirely of independent commissioners, who are required to sign a statement of independence.

In accordance with the principles and provisions set forth in Financial Services Authority Regulation No. 33/POJK.04/2014 and as a mandatory requirement to be listed on

the Indonesia Stock Exchange, the Organization appoints an Independent Commissioner to maintain its independence. Article 120 paragraph (2) of the Company Law stipulates that in order to fulfill these provisions, the Board of Commissioners must consist of at least 30% Independent Commissioners. In accordance with this legal provision, Independent Commissioners are individuals appointed by the General Meeting of Shareholders (GMS) and have no relationship with the major shareholders, directors, or other commissioners on the board, states that independent commissioners do not have any influence on the voluntary selection of auditors, their main task is to oversee management performance, and do not have the authority to replace the organization's external auditors (Murni & Arta, 2021).

H3: Aspects of the Board of Commissioners have a negative effect on auditor switching

2.6 Audit Committee Quality on Auditor Switching

The audit committee consists of members of the client company's board of directors, who are responsible for assisting the auditor in maintaining its independence from management. In addition, an audit committee may consist of a group of individuals appointed by a broader group to carry out specific tasks or oversee different obligations. To evaluate the effectiveness of the audit committee, the number and quality of its members, in addition to the frequency of its meetings throughout the year, must be considered. Research conducted by (Safriliana & Muawanah, 2019) found that the presence of an audit committee in a company has an impact on auditor turnover.

H4 : Audit committee quality has a positive effect on auditor switching

2.7 Financial Factors of Company Growth on Auditor Switching

According to Nazri (2012) a new contract may be required because it is possible that a growing business will need to hire more staff or bring in new management, both of which will take control away. According to (Nasser, 2006), this ratio assesses the company's capacity to maintain its financial position within the industry and in the context of broader economic activity. To determine the company's growth rate, the sales volume in a given year is divided by the sales volume in the previous year; the resulting quotient is then multiplied by 100% (Nasser, 2006). According to research conducted by (Herawaty & Ovami, 2021), there is no significant influence between company expansion on auditor switching, either simultaneously or partially. The results of this study are in line with the findings (Pitaloka & Guritno, 2021) on the switching factor. This is due to management factors that emphasize the company's financial health and appropriate solutions.

H5 : Company growth has a negative effect on auditor switching

2.8 Financial Distress on Auditor Switching

Financial distress refers to a company facing significant financial difficulties (Martina Fajar Yanti et al., 2014). Defines financial distress in companies as the inability to make timely debt payments or insufficient cash flow to meet future obligations. The company's creditor burden will affect the increase in the debt to equity ratio, which indicates a greater proportion of total liabilities to total equity. According to research conducted by (A.A. Sagung Istri Agung Widyanti & I Dewa Nyoman Badera, 2016), there is a positive correlation between the level of the company's financial crisis and the possibility of the company switching auditors.

H6 : Financial distress has a positive effect on auditor switching

2.9 Profitability on Auditor Switching

The ability of a business to make money, shown as a share of sales, total assets, or shares, is generally called success (Agus, 2014). Return on Asset (ROA) is a measure of a business's ability to make money and is used to assess the business. A high ROA figure means assets are being used well to help the business's possibilities. The company's profit margin rises when the Return on Asset (ROA) figure rises. Companies choose larger KAPs over smaller Public Accounting Firms because they think that larger Public Accounting Firms know more and are better at reviewing companies that have a lot of assets ((Wijaya, 2012). Research Herawaty & Ovami (2021) shows that the company's ability to make money affects the number of auditors who switch.

H7 : Profitability has a positive effect on auditor switching

2.10 Liquidity on Auditor Switching

The current ratio serves as a measure of liquidity. The current ratio refers to the proportion of current assets to current debt. The current ratio evaluates a business's ability to use its current assets to pay its upcoming short-term obligations (Hary, 2017). A larger current ratio value reflects the company's ability to utilize its current assets to pay off its short-term debt. On the other hand, if the company has little liquidity and is therefore likely to have difficulty covering its short-term debt, then the company is considered less liquid. As a result, there will be a higher probability of default and the auditor may indicate that the company still has a going concern. The inability of the organization to promptly settle outstanding debts may give rise to uncertainty regarding the organization's viability, as stipulated in Accounting Standards 570 (IAPI, 2013).

H8: Liquidity has a positive effect on auditor switching

3. Research Methods

3.1 Research Design

This research uses quantitative methods, specifically approaches that look at cause and effect. To assess this research, we will use observational and inferential methods. To

determine the dependent variable, namely auditor turnover, logistic regression analysis is used with dummy factors as markers. Here is how the logistic regression equation model for this study is written.

$$Ln\frac{VAW}{1-VAW} = a + \beta_1 GDP + \beta_2 ELPD + \beta_3 DA + \beta_4 NKI + \beta_5 TS + \beta_6 APD + \beta_7 NAC + \beta_8 FA + \beta_9 ACC + \beta_{10} CG + \beta_{11} FD + \beta_{12} PF + \beta_{13} LIK + €$$

Description:

$Ln\frac{VAW}{1-VAW}$	: Voluntary Auditor Switching
α	: Constant
β	: Regression coefficient
GPD	: Gender of President Director
ELPD	: Education Level of President Director
DA	: Discretionary Accrual
NKC	: Number of Independent Commissioners
TS	: Total Shareholding
APD	: Affiliation with President Director/Managemen
NAC	: Number of Audit Committee
FACM	: Frequency of Audit Committee Meeting
ACC	: Audit Committee Competenc
CG	: Company Growth
FD	: Financial Distress
PF	: Profitabilit
LIK	: Liquidity
ε	: Standard Error

The research method used in this study is quantitative, and most of the data comes from secondary sources. Some of the secondary data chosen was approved financial statement information from production companies listed on the Indonesia Stock Exchange (IDX). For the secondary data, the researchers used the Indonesia Stock Exchange (IDX) website, which can be found at www.idx.co.id. A written approach was used to collect the data. There are 165 manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2016 and 2022 that are part of the population range of this study. The selection method used was purposive sampling, and fourteen companies in the food and beverage subsector were given extra attention.

3.2 Variable Operationalisation

3.2.1 Dependent Variable

The dependent variable of this study is voluntary auditor turnover. Dummy variables are used to measure auditor turnover; a value of 1 indicates a change in public

accountant every year, while a value of 0 indicates no change. The duration between the company's audit year and the next audit year.

3.2.2 Independent variables

Management aspects

Management aspects are measured and observed from three things, namely the gender of the main director, the education level of the main director, and the characteristics of managers in managing finances using the Modified Jones Model Discretionary accruals. Gender of Managing Director A binary variable, referred to as a dummy variable, is used to represent the gender of the lead director. Specifically, a value of 1 is assigned to males, while females are assigned a value of 0.

Education Level of the Managing Director

For the education level of the managing director, it is also a dummy variable, namely if the education level is Bachelor's Degree is 1, if Master Degree S2 is 2, if Doctoral Degree is 3 and if undergraduate is 0.

Management Characteristics in Financial Management

The last measurement indicator from the management aspect is management characteristics in managing finances. By using discretionary accruals ($DAit$) to represent the narcissistic variable of management in managing finances as measured using the Jones Modified model (Dechow, 1998):

$$\frac{TACC_{it}}{TA_{it-1}} = \Upsilon_1\left(\frac{1}{TA_{it-1}}\right) + \Upsilon_2\left(\frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}}\right) + \Upsilon_3\left(\frac{PPE_{it}}{TA_{it-1}}\right) + \Upsilon_4 \; ROA_{it} + \varepsilon_{it}$$

To estimate $\gamma 1$, $\gamma 2$, and $\gamma 3$, we conducted a regression analysis. Then to take the absolute value of $DAjt$ we use the following equation:

$$DA_{it} = \frac{TACC_{it}}{TA_{it-1}} - \Upsilon_1\left(\frac{1}{TA_{it-1}}\right) - \Upsilon_2\left(\frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}}\right) - \Upsilon_3\left(\frac{PPE_{it}}{TA_{it-1}}\right) - \Upsilon_4 \; ROA_{it}$$

Description:

$\lvert DA_{it} \rvert$	= Absolute value of discretionary accruals
$TACC_{it}$	= Total Accruals and is calculated as follows: $Net\ Income_{it} - Operating\ Cash\ Flow_{it}$
TA_{it-1}	= Total assets at the end of year t-1
ΔREV_{it}	= Change in sales revenue between year t and t-1
ΔREC_{it}	= Change in net receivables between years t and t-1
PPE_{it}	= Book value of fixed assets in year t
ROA_{it}	= Return on assets in year t
Υ	= Coefficient
ε	= Error

i = Industry
t = Year

Board of Commissioners Aspect

In this aspect of the board of commissioners, indicators are measured on three things, namely the number of independent commissioners, the amount of share ownership, and affiliation with directors or management.

Number of Independent Commissioners

The company's Board of Commissioners only consists of independent commissioners. Measurement is carried out by determining and monitoring the number of independent commissioners during each regular fiscal year of the company.

Number of Shareholdings

Independent commissioners must carry out their functions independently and must not be influenced by anything including share ownership. This indicator calculates and monitors whether independent commissioners have share ownership or not and what the percentage is.

Affiliation with Management

Independent Commissioners are elected and appointed by the General Meeting of Shareholders (GMS). Article 120 paragraph 2 of the Limited Liability Company Law states that this commissioner may not have a family relationship with the Board of Commissioners, management, owners, or other members. The research was conducted by looking at the existence of relationships between affiliates. To find this signal, a fake variable is used. This variable has a value of 1 if there is an affiliation relationship and a value of 0 if not.

Audit Committee Quality Aspects

The Board of Commissioners is responsible for forming and selecting the people who will sit on the audit committee. The audit group is also in charge of overseeing the company's internal and external auditors. The number of audit committees, how often they meet, and the level of financial knowledge of committee members are things that can be used to assess how effective the audit committee is.

Number of Audit Committees

In the rules in Financial Services Authority Regulations Number 55/POJK.04/2015, Article 4, Financial Services Authority has set clear rules on how the audit group should be formed. This rule says that the audit group must have at least three members, all of whom must be Independent Commissioners or public company officers.

Audit Committee Size = Number of Audit Committees

Frequency of Audit Committee Meetings

The audit committee must meet at least once every three months, as required under Article 13 of Regulation No. 55/POKL.04/2015 of the Financial Services Authority. One important way to judge how useful an audit group is is by how often they meet. So, a key part of our evaluation is to calculate how many meetings the audit committee held during the company's fiscal year.

Meeting Frequency = Number of Audit Committee Meetings in a Year

Audit Committee Competence in Accounting

Regulation No. 55/POKL.04/2015 of the Financial Services Authority states that at least one audit committee member must have academic qualifications and specialized knowledge in accounting and finance. Therefore, the following method is used to measure this expertise indicator:

$$\frac{Audit\ committee\ with\ accounting\ competence}{Number\ of\ audit\ committee\ members} \times 100\%$$

Financial Factors Company Growth

Can be seen in the company's annual report or audited financial report. To find out the company's growth ratio, it can be calculated using the following formula:

$$\Delta S = \frac{S_t - S_{t-1}}{S_{t-1}}$$

ΔS = Growth ratio

St = net sales in the current period (t)

St-1 = net sales in the last year period (t-1)

Financial Distress

By looking at financial statement information, it can help to find out whether a business is experiencing financial difficulties. Debt to Equity Ratio (DER) is used to measure financial distress in this study. Companies with higher DER ratios are considered more financially stable, while companies with lower DER ratios are considered less stable.

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Profitability

The profitability of the company is also influenced by the valuation of its assets. The greater the Earning after Tax value, the greater the Return on Asset (ROA) value, this means that the company's profitability is also greater.

$$ROA = \frac{Earning\ After\ Tax\ (EAT)}{Total\ Asset}\ x\ 100\%$$

Liquidity

The current ratio measures how well a company can use its current assets to meet its short-term financial commitments. A lower probability of default is indicated by a greater current ratio. Here are the methods you can use to find the current ratio:

$$Current\ Asset = \frac{Current\ Asset}{Current\ Liabilities}$$

4. Results and Discussion

In this section, the results of research that have been processed through statistical calculations and discussions that are analyzed with theory and previous research will be described.

4.1 Result

4.1.1 Descriptive Analysis

The use of descriptive analysis in this study is evident from the calculation of measures such as mean, median, standard deviation, range, minimum, and maximum, which collectively contribute to a comprehensive summary of the data. The following are the results of descriptive analysis data processing.

Table 1 Descriptive Statistics

	Mean	Median	St Dev	Range	Min	Max OBS
VAW	0,457	0,00	0,501	1,00	0,00	1,00 14
GPD	0,928	1,00	0,310	1,00	0,00	1,00 14
ELPD	1,042	1,00	0,315	2,00	0,00	2,00 14
DA	0,756	0,346	1,207	5,37	-0,08	4,47 14
NKC	1,528	1,00	0,716	2,00	1,00	3,00 14
TS	0,0001	0,00	0,0006	0,003	0,00	0,003 14
APD	0,071	0,00	0,259	1,00	0,00	1,00 14
NAC	2,914	3,00	0,503	3,00	0,00	3,00 14
FACM	5,042	5,00	2,452	10,00	0,00	10,00 14

ACC	0,586	0,67	0,343	1,00	0,00	1,00 14
CG	0,100	0,101	0,368	3,65	-1,18	2,472 14
FD	0,665	0,574	0,574	4,37	-2,13	2,24 14
PF	0,110	0,069	0,185	1,12	-0,15	0,969 14
LIK	2,186	2,025	1,033	4,70	0,15	4,852 14
Source: Microsoft Excel Data Processing Results (December 2023)						

The number of company observations in the manufacturing and food and beverage subsectors is fourteen companies, as shown in Table 1. Voluntary Auditor Switching, the results of the descriptive statistics, displayed in the table provided, show a mean value of 0.457. With a variability level of 0.501, it can be concluded that approximately 45.7% of organizations experience a change of auditor or public accountant, as indicated by the data. A dummy variable is used to evaluate the voluntary attribute, a value of 1 indicates a change of auditor, and a value of 0 indicates no change of auditor during the organization's regular fiscal year. Gender of Managing Director, the descriptive data presented in table 1 shows that the mean value is 0.928, with a standard deviation of 0.310. This finding shows that men comprise 92.8% of CEOs, with women comprising the remaining 7.2%. CEO gender is determined by a binary variable where a value of 0 indicates female and a value of 1 indicates male.

CEO Education Level, the mean value of the descriptive statistics displayed in Table 1 is 1.042, accompanied by a standard deviation of 0.315. This indicates that most CEOs have at least a bachelor's degree. In this variable, a fictitious variable measurement is applied. Manager Characteristics in Earnings Management, the mean value of the descriptive data presented in Table 1 is 0.756, accompanied by a standard deviation of 1.207. The difference between the mean value of 0.756 and the median value of 0.346 indicates that the proportion of firms whose CEOs engage in narcissistic earnings management is relatively low. In addition, 4.47 is the maximum value, while -0.08 is the minimum value. Number of Independent Commissioners, the data in Table 1 presents descriptive statistics showing that the average number of independent commissioners is 1.528, accompanied by a standard deviation of 0.716. The median value of 1 indicates that the number of independent commissioners for fourteen companies is one person. Furthermore, the minimum and maximum values are 1 and 3.

Total Share Ownership, based on the descriptive statistics displayed in table 1, the average value of shares owned by independent commissioners is 0.0001, which is equivalent to approximately 0.01%. The majority of shares owned by independent commissioners have a value of 0 or zero, as indicated by the median value of 0, which is smaller than the average value of 0.0001. Furthermore, the standard deviation is calculated at 0.0006, with a range of 0.0003 at the minimum and maximum values. Affiliation Relationship with President Director, based on the descriptive statistics displayed in Table

1, the average value of independent commissioners who have an affiliation with the main director is 0.071, or 7.1%. As indicated by the fact that the median value for this variable is zero, which is below the average, the majority of independent commissioners have no affiliation with the main director. Measurement of this indicator is done using a fictitious variable, where independent commissioners who have an affiliation with the main director are given a value of 1, and independent commissioners who do not have an affiliation with the main director are given a value of 0.

Number of Audit Committees, based on the descriptive statistics presented in Table 1, the average number of audit committees is 2.914, which is approximately equal to three people, or three committee members. The range of this variable is 0.503 standard deviation units, with a minimum value of 0 and a maximum value of 3. Frequency of Audit Committee Meetings, based on the findings of the descriptive analysis displayed in Table 1, the average (standard deviation) number of annual audit committee meetings for the fourteen companies is 5.042, rounded to 5. The variable in question shows a standard deviation of 2.452, with a range from 0 to 10. Audit Committee Competency, as shown in the descriptive analysis results of Table 1, accounting competence is present in 58.6% of audit committees, the mean value is 0.586 and the standard deviation is 0.343. The minimum value of this variable is zero, and the maximum value is one. Company Growth. As shown in table 1, the descriptive analysis shows that the average growth rate of firms is 0.100, which is roughly equivalent to 1%. Firm growth shows a standard deviation of 0.368, which covers a range of 2.472 at the minimum level and 1.18 at the maximum level.

Financial Distress, the results of the descriptive analysis presented in table 1 show that the average proportion of companies experiencing financial distress is 0.665, which is roughly equivalent to 66.65%. The median value of 0.574 is below the mean, indicating that most of the companies analyzed exhibit below-average levels of financial distress. The variability of this parameter is 0.574, ranging from a minimum of 2.13 to a maximum of 2.24. Profitability, the findings from the descriptive analysis, presented in table 1, show that the average profitability for the fourteen companies is 0.110, which is roughly equivalent to 11.1%. In addition, the variability of this variable is represented by a standard deviation of 0.185, with a range from -0.15 to 0.969. Liquidity, based on the results of the descriptive analysis shown in table 1, the average liquidity of the companies studied is 2.186, with a standard deviation of 1.033. The maximum value is 4.852 and the minimum value is 0.15.

4.1.2 Inferential Analysis of

4.1.2.1 Overall Model Fit

The -2 log likelihood (-2LL) value at the beginning (block number = 0) is compared with the -2 log likelihood (-2LL) value at the end (block number = 1) to test. According to Ghozali (2009: 79), if the -2LL value decreases from the initial condition to the final

condition, it can be concluded that the proposed model accurately describes the data. In the following section, the results of the overall model adequacy evaluation are detailed in Table 2.

Table 2 Overall Model Fit Test

Model Fit	-2 Log likelihood	
	Block 0	Block 1
	96.526	76.223

Source: SPSS 26 Data Processing Results (December 2023)

Block 0 is given a value of 96.256 in table 2, while Block 1 is given a value of 76.223. Block 1 shows a significantly reduced Log -2 probability value of 20.303 compared to Block 0. This decrease indicates that the model shows a stronger correspondence with the data when moving from Block 0 to Block 1.

4.1.2.2 Test Coefficient of Determination (Nagelkerke R Square)

In logistic regression, the coefficient of determination is evaluated through an examination of the Nagelkerke R square value. Comparable to the R Square value in multiple regression is the Nagelkerke R Square value (Ghozali, 2007). By dividing the Cox & Snell R Square value by its maximum value, this value is obtained. Nagelkerke R Square measures the degree of variance on a scale from 0 to 1, indicating that a model fits the data better when the value is closer to 1. The R-squared value of Nagelkerke is shown below.

Table 3 Determination Coefficient Test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	76.223[a]	.252	.337

Source: SPSS 26 Data Processing Results (December 2023)

This finding is displayed in Table 3, where the Nagelkerke R Square value is calculated at 0.337, which is approximately equal to 1. Assigning a value of 0.337 to the Nagelkerke R Square signifies 33.7%, indicating the extent to which the independent variables explain the variation in the dependent variable. The remaining 66.3% can be attributed to additional factors not used in the research model.

4.1.2.3 Goodness of Fit Test with Hosmer and Lemeshow Model

The Hosmer and Lemeshow Fit Test yields a p-value greater than 0.05, which supports acceptance of the null hypothesis. Therefore, this indicates the ability of the model to predict the data values. A diagram detailing the Hosmer and Lemesshow Test appears below.

Table 4 Goodness of Fit Test with Hosmer and Lemeshow Model

Step	Chi-square	df	Sig.
1	9.430	8	.307

Source: SPSS 26 Data Processing Results (December 2023)

SPSS analysis of the p-value for Hosmer and Lemeshow's Goodness of Fit Test yielded a value of 0.307, as shown in table 4. This value exceeds the critical threshold of 0.05. As a result, it can be concluded that the model accurately predicted the observed data, thereby establishing the validity of the regression model without requiring further adjustment. Further investigations can be conducted into this study, given the proven ability of the model to correctly predict the observed results.

4.1.2.4 Classification Matrix

The table below presents the classification results of the regression model in predicting the possibility of voluntary auditor changes by companies.

Table 5 Classification Table[ab]

Classification Table[ab]					
Step 0	Observed		Not Changing Public Accountant	Berganti Akuntan Publik	Percentage Correct
	Auditor Switching	Not Changing Public Accountant	38	0	100.0
		Berganti Akuntan Publik	32	0	.0
	Overall Percentage				54.3

Source: SPSS 26 Data Processing Results (December 2023)

The predictive ability of the regression model in determining the probability that the company will experience a voluntary auditor change is limited. The predictive ability of the model for organizations that do not experience voluntary auditor turnover is one hundred percent. Thus, it can be concluded that the lack of predictive ability supports the notion that voluntary auditor turnover does not occur in these organizations.

4.1.2.5 Logistic Regression Analysis

At the last stage of this research, the logistic regression coefficient test was carried out and the results of the analysis can be described in table 6 below.

Table 6 Logistic Regression Analysis

	B	S.E.	Wald	df	Sig.	Exp (B)
GPD	-.494	1.017	.236	1	.627	.610
ELPD	.225	1.664	.016	1	.892	1.253
DA	.997	.675	2.098	1	.148	2.658
NKC	1.469	.533	7.609	1	.006	4.346
TS	-195.89	474.027	.171	1	.697	.000
APD	-2.768	2.830	.956	1	.328	.063
NAC	9.889	7164.5	.000	1	.999	19720.449
FACM	-0.81	.z156	.266	1	.606	.923
ACC	-1.601	1.125	2.024	1	.155	.202
CG	-2.243	1.156	3.762	1	.052	.106
FD	-2.048	1.220	2.821	1	.093	.129
PF	-.589	1.772	.110	1	.168	.551
LIK	-5.96	.443	1.900	1	.168	.551
Constant	-27.814	21493.715	.000	1	.999	.000

Source: SPSS Data Processing Results (December 2023)

From testing the logistic regression analysis equation above, the name can be arranged as follows:

$$Ln\frac{VAW}{1-VAW} = -27.814 - 0.494\,GDP + 0.225\,ELPD + 0.977\,DA + 1.469\,NKC - 195.89\,TS + 2.768\,APD + 9.889\,NAC + 0.81\,FACM + 1.601\,ACC + 2.243\,CG + 2.043\,FD - 0.589\,PF - 5.96\,LIK + €$$

4.2 Discussion

A significance level of 5%, which is equal to 0.05, was used in this study to decide whether to accept or reject a theory. There are 0.627 for gender, 0.892 for education level, and 0.148 for narcissism in CEO salary management, as shown in the table. All of these numbers, which pertain to management, are higher than the 0.05 significance level set. Thus, Hypothesis 1 is not true. As an example of a non-financial factor, the management component makes volunteer turnover worse. This suggests that leadership factors within the company do not affect the number of volunteer auditors leaving. Indicators such as the number of independent commissioners, ownership, and relationship with the managing director are used to test theories regarding non-financial factors, especially the board. The importance values for these factors are 0.006, 0.679, and 0.328, respectively. The significance level is higher than 0.05, so hypothesis H3 is not proven. So, it has been proven that having a board of commissioners makes people more likely to switch auditors voluntarily, even if the reason is not related to money. This finding contradicts what was found by Murni & Arta (2021) who said that having an

independent board of commissioners has no effect on auditors choosing to switch jobs voluntarily.

The last non-financial factor, audit committee quality, was examined using logistic regression. The number of members, number of regular meetings, and level of expertise of the group are used to assess how well it works. Here are the p-values for this test: 0.999, 0.606, and 0.155. All these numbers are higher than the set significance level of 0.05, which means that the null hypothesis H4 is not true in this study. The audit group, which is in charge of overseeing the company's internal and external reports, has no share in auditor turnover. This result is in accordance with what was found by Permatasari & Pohan (2016) namely the audit committee has no effect on auditor switching. In addition, this result is also in accordance with what was found by Fenadi (2019) namely the audit committee has no effect on the choice of auditors to switch. When looking at optional auditor switching, one of the financial factors seen is how the company can grow.

The logistic regression study on business growth has a p-value greater than the 0.05 significance level, with a difference of 0.02. Therefore, hypothesis H5 is not proven correct in testing this hypothesis. Company growth has no effect on the number of auditors who switch voluntarily. There may be a relationship between company growth and voluntary auditor turnover, where company growth leads to more voluntary auditor turnover. However, the results of this study do not support this possibility. This is different from what is said by Diana (2018), Ramadhan et al., (2020), Pitaloka & Guritno (2021), and Herawaty & Ovami (2021), which state that companies that grow quickly make more voluntary auditor changes.

Research on financial distress which has a significance value of 0.093 is an additional financial aspect studied. Because the observed value exceeds the predetermined significance level of 0.05, it can be concluded that H6 is rejected. The non-positive correlation between firm health and voluntary auditor turnover indicates that voluntary auditor turnover is influenced by factors other than financial distress. This finding is in line with the results reported in several studies (Aprillia, 2013); (Permatasari & Pohan, 2016) (Safriliana & Muawanah, 2019); (Triharyanto & Siahaan, 2021); (Apriwenni et al., 2023); (Muzakki & Pertiwi, 2023)), which indicate that voluntary auditor turnover is not influenced by financial distress.

One of the financial things that is seen when the possibility of an audit change is being considered is how the company can grow. A p-value of more than 0.05 means that research on business growth is significant, with a difference of 0.02. So, hypothesis H5 is not proven correct by testing this theory. The number of outgoing inspectors by itself does not change with firm growth. There may be a relationship between firm size and the number of voluntary auditor exits. If a company grows, more auditors will leave. The results of this study, on the other hand, do not support this idea. In accordance with

research by (Diana, 2018), (Ramadhan et al., 2020) (Pitaloka & Guritno, 2021) and (Herawaty & Ovami, 2021) which state that companies that grow quickly make more changes to auditor turnover. Liquidity is another part of money examined in this study. For the fourteen companies studied, the importance value of liquidity is 0.168. We can say that H8 is not true because the observed number is greater than the significance level of 0.05. This means that there is no relationship between liquidity and favorable voluntary auditor modifications.

5. Conclusions

This study uses logistic regression analysis to look at the relationship between audit quality, financial indicators (such as liquidity, profitability, company growth, and financial distress), board composition, and voluntary auditor turnover in food and beverage manufacturing companies listed on the IDX. The results show that management factors do not have a good influence on auditors who quit by themselves. Financial records, narcissistic traits, education level, and gender of the controlling director are used to assess this part of management. The board of commissioners also has a negative influence on voluntary auditor turnover, which is in line with what the first theory says. The level of equity ownership among commissioners, the number of independent commissioners, and the level of contact between the board and management are the board-specific characteristics evaluated.

There is no evidence that the effectiveness of the audit committee, as measured by the number of meetings, committee size, and accounting knowledge of its members, has a favorable effect on auditors leaving by itself. Optimal cash, profits, and financial crises do not make people inclined to switch auditors by themselves. However, as the firm grows, this changes the free choice to switch auditors. Therefore, if the business grows and the debt-to-equity ratio increases at the same time, the company needs to hire a new examiner or public accountant every year. Companies and audit groups can use these financial and non-financial factors to better monitor what external auditors do. This study has limitations on other factors that are not the scope of this analysis. Other factors can include financial and non-financial factors that can be studied for future research. In addition, the number of companies studied can be even wider, not only within the scope of the subsector. With a wider amount of research data, it is hoped that this research can be generalized.

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