

The Impact Of Audit Fee, Auditor Switching, Workload And Auditor Specialization On Audit Quality

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ABSTRACT

During the research period from 2020 to 2022, this study was conducted to assess the impact of audit fees, auditor changes, workload, and auditor expertise on audit quality in financial sector companies listed on the Indonesia Stock Exchange (IDX). The number of companies in the study population was 314 (103 companies in 2020, 105 companies in 2021, and 106 companies in 2022). The purposive sampling method was used to select a sample of companies to be analyzed, with a total sample of 145 companies. In data analysis, this study applies a quantitative approach using logistic regression to test the validity of the regression, model fit, coefficient of determination, and research hypotheses. The results showed that audit fees and auditor expertise have a positive and significant effect on audit quality, while workload has a negative and significant model effect on audit quality. Auditor turnover is not proven to have a significant effect on audit quality. This research is expected to make an important contribution in the effort to improve audit quality by understanding more deeply the factors that affect such quality.

ABSTRAK

Selama rentang waktu pengamatan di tahun 2020 sampai 2022, penelitian ini dilaksanakan untuk menilai dampak dari fee audit, auditor switching, workload, dan spesialisasi auditor atas kualitas audit di perusahaan-perusahaan sektor keuangan yang tercatat di Bursa Efek Indonesia (BEI). Jumlah perusahaan yang menjadi populasi penelitian sebanyak 314 (103 perusahaan pada tahun 2020, 105 perusahaan pada tahun 2021, dan 106 perusahaan pada tahun 2022). Metode purposive sampling digunakan untuk memilih sampel perusahaan yang akan dianalisis, dengan jumlah sampel sebanyak 145 perusahaan. Dalam analisis data, penelitian ini menerapkan pendekatan kuantitatif dengan menggunakan regresi logistik untuk menguji validitas model regresi, kesesuaian model, koefisien determinasi, dan hipotesis penelitian. Hasil penelitian menerangkan bahwasanya fee audit dan spesialisasi auditor memiliki kualitas audit yang dipengaruhi secara positif dan signifikan oleh tingkat beban kerja yang lebih rendah, sementara tingkat beban kerja yang lebih tinggi memiliki pengaruh negatif dan signifikan terhadap kualitas audit. Auditor switching tidak terbukti memiliki pengaruh yang signifikan terhadap kualitas audit. Harapan dari pengamatan ini yaitu agar mampu memberikan dampak dalam upaya memperbaiki mutu audit dengan memahami lebih dalam faktor-faktor yang memengaruhi kualitas tersebut.



1. INTRODUCTION

Financial statements in a company explain the quality of the company. In financial reports, important and helpful information is provided, especially for stakeholders such as investors, company management, government, etc. so that they can make the right decisions and evaluate the company's performance. In order for communication to be accurate and worthy of disclosure, companies need the role of auditors to produce quality audits. Stakeholders who receive financial reports increasingly need the role of external auditors who act as independent parties from the company to provide assessments of the fairness and quality of financial reports in accordance with their standards (Sari et al., 2020). To ensure that there are no misstatements in the company's financial reporting, external auditors will collect evidence and evaluate transactions to obtain information related to the financial reports and their fairness can be assessed (Fadhilah et al., 2021). Audit quality plays an important role in the provision of audit services by auditors. Evaluating a company's financial health depends on the quality of the audits performed, which serve as a valuable resource for stakeholders involved in making decisions. In accordance with the statement of Kusumawati & Syamsuddin (2018), audit quality indicates the auditor's expertise when he detects inaccuracies or presentations which are not justified in the financial report, guided by the audit criteria which have been realized. In Indonesia, audit standards are referred to the International Standards on Auditing (ISA) which are determined by the Indonesian Accountants Association (*Ikatan Akuntan Indonesia/IAI*). IAI emphasizes that quality audits must comply with audit standards appropriately and maintain strict quality control standards (Putra & Nelvirita, 2022).

Audit quality in general can be caused by various elements, including audit fees, auditor switching, workload and auditor specialization (Gunawan & Achyani, 2024). Audit fees are defined as the auditor's salary for the work he has done. The salary received by auditors usually varies according to the level of ability, level of difficulty of the work, level of risk faced, and other considerations. Audit fees affect the quality and completeness of the information audited by the auditor, where when the auditor's fee is high, usually the quality and completeness of the audit report is also high (Agustini, 2020). The results of research by Rizaldi et al, (2022) state that if the audit fee is found to be influenced by audit quality, in order for the audit results to be perfect, more detailed procedures are needed to obtain audit evidence which makes the audit fee higher. If the audit fee is too low, it will result in non-compliance with the accounting code of ethics because the audit fee has been adjusted by the Indonesian Institute of Public Accountants (*Ikatan Akuntan Publik Indonesia/IAPI*). Many other studies regarding audit fees have also been conducted, showing that audit fees have a significant positive influence on audit quality (Rizaldi et al, 2022; Gunawan & Achyani, 2024). However, in Putra & Nelvirita's (2022) study, audit fees were not found to have a significant impact on audit quality. Auditor switching of an entity is another element that can have an impact on audit quality. Auditor switching for a company is regulated by Government Regulation (*Peraturan Pemerintah/PP*) Number 20 of 2015. According to this regulation, auditor switching must be carried out after more than 5 consecutive years. However, the fact is that most companies change auditors less than the auditor's engagement period, because there is a discrepancy in audit fees, the audit results do not match the client's wishes, the company does not agree with the results of the public accountant's audit, and so on. Changing auditors too often can reduce the quality of a company's audit, because new auditors must study their client's company in order to carry out more detailed and in-depth audits. The results of the analysis by Fajriani et al. (2023), switching auditors was found to have a positive impact on audit quality. Then according to

Darmawan et al. (2021), auditor switching was found to have no effect on audit quality.

Audit quality is found to be the impact of Workload in examining financial reports. Workload represents the burden borne by the auditor. When workload pressure increases, the quality of financial report audits tends to decrease (Fadhilah et al., 2021). The size of the workload can be evaluated through total consideration of the client assigned as auditor and the tight deadlines during the audit process. This phenomenon occurs because when the workload is large, the auditor's focus and accuracy in conducting audits tends to decrease (Sari et al., 2020). Research by Amanda et al. (2018) and Nurillah et al. (2023), explains that workload has a positive effect on audit quality. However, according to Pertiwi et al. (2020) and Sari et al. (2020), auditor workload was found to have a negative impact on audit quality. Audit quality can be influenced by several factors, among which auditor competence plays a very important role. Auditor competency shows the in-depth understanding and direct experience obtained by an auditor in examining financial statements. With extensive expertise and insight, it is hoped that the results of the audit process will be superior and comprehensive. This comprehensive understanding is important because different industries have different financial reporting systems (Fadhilah et al., 2021). A number of research efforts have investigated auditor expertise, emphasizing its favorable impact on audit quality (Buchori et al., 2019; Sari et al., 2020). On the other hand, Ayuni et al. (2023) and Maharani (2019), stated that the auditor's expertise does not have a big influence on audit quality.

This observation was carried out by combining 2 studies, namely Auditor Skills on Audit Quality and observations namely the Effect of Audit Fees, Public Accounting Firm (*Kantor Akuntan Publik/KAP*) Size, and Workload on Audit Quality, and the Impact of Audit Fees, Auditor Changes, Auditor Reputation (Putra & Nelvirita, 2022; Ayuni et al. al., 2023). There are differences in the research that will be carried out compared to observations in previous research, these observations are a combination of 2 previous studies, the researcher took the audit fee and auditor specialization variables, and the researcher took the workload variable by adding the auditor specialization variable to broaden the scope and provide a more comprehensive picture. This research was combined so that these variables could be calculated through measurements of Big 4 vs Non Big 4 KAP offices to explain audit quality. This observation selected a sample of financial sector companies because this sector has high risks, both in terms of credit risk, liquidity risk and market risk in the Indonesian economy, so auditors need to understand and manage risks accurately. Financial sector companies are also strictly regulated by the Financial Services Authority (OJK), through the establishment of complex and continuously evolving regulations, it will make it difficult for companies and auditors to understand and comply with applicable audit requirements, this will affect audit quality if they are not understood and implemented properly. This research uses samples from 2020-2022 which is intended so that the study to be conducted is relevant and meets current conditions. By considering the background in this description, the researcher carried out research entitled The Effect of Audit Fees, Auditor Switching, Workload and Auditor Specialization on Audit Quality in Financial Sector Companies Listed on the Indonesia Stock Exchange (*Bursa Efek Indonesia/BEI*) for the 2020 - 2022 Period.

2. LITERATURE REVIEW

The concept of agency theory explores the correlation between principals and agents. In this context, the principal describes the owner of the company, on the other hand, the agent indicates a managerial figure appointed by the principal, who is entrusted with the

task of managing the company (Ayuni et al., 2023). In situations where conflict arises within a company between agents and principals, the presence of high-caliber financial reports can mitigate such conflict by offering unbiased and unbiased insight into the company's financial health and performance. Auditors are expected to submit comprehensive and best financial audit reports, ensuring that the principal (company owner) receives appropriate and reliable audit findings. In this study, the variables audit fees, auditor switching, workload and auditor specialization are related to agency theory. The principal pays an audit fee to the auditor to carry out his work objectively and independently. When the audit fee paid is low, the auditor may not be optimal in his work because he has to reduce the audit fee, so the principal cannot get a quality audit report. If the company continues to carry out auditor switching, it is feared that there will be conflict within the company between agents and auditors. Workload affects audit quality, because when the principal provides a high workload it can reduce the auditor's concentration when examining and stating significant findings in the financial statements. The resulting company audit report is more in-depth, informative and accurate thanks to the auditor's in-depth experience and knowledge in auditing company financial reports in various sectors, so that the auditor's specialization can influence the quality of the company's audit.

Audit quality is linked to the auditor's assessment of the inaccuracy of the client's financial records or accounting system, which serves as an evaluative reference. Audit quality measurements follow established standards (Jannah, 2020). Compliance with Statement of Government Accounting Standards (*Pernyataan Standar Akuntansi Pemerintahan/PSAP*) is very significant in achieving very satisfactory audit results, where the auditor complies with the audit criteria and standards determined during the audit process. These standards cover auditor independence, competence, reporting mandates, and substantial audit evidence, which collectively reduce the risk of complaints related to misinformation and increase the credibility of audit results (Rizaldi et al., 2022). Various metrics for measuring audit quality include benchmarking, earnings surprise, Big 4 and Non-Big 4 Public Accounting Firm (Kantor Akuntan Publik/KAP), and auditor specialization. To include Big 4 and Non-Big 4 KAPs, dummy variables are used to assess audit quality. Companies that choose a Big 4 KAP in their financial audit are assigned a size of 1, then companies that do not utilize a Big 4 audit KAP receive a size of zero.

Audit fees refer to auditors' compensation when they have completed audit tasks and conformity assessments of client companies. These costs affect audit quality because they require more comprehensive procedures to produce meaningful findings and incur operational costs during the audit process, which has the potential to result in increased audit expenditures. The Indonesian Association of Public Accountants (*Ikatan Akuntan Publik Indonesia/IAPI*) stipulates that audit quality within the scope of KAP is determined by the audit fee as outlined in IAPI Regulation Number 2 of 2006 concerning Determination of Fees for Financial Report Audit Services. This regulation provides specific regulations on audit fees, determines the method for calculating audit fees, and sets the minimum threshold for audit fees (Rizaldi et al., 2022). Auditor fees at IAI typically vary based on factors such as the auditor's level of expertise, risks faced during the engagement, complexity of tasks performed, and similar considerations.

Auditor switching explains the auditor transition that occurs within the client organization (Darmawan et al., 2021). The audit quality of a company may decrease if the auditor is replaced too often because the new auditor must conduct research on the client company in order to conduct a more thorough audit. Auditor switching is divided into mandatory and voluntary. Switching auditors by following the applicable rules to change

their auditors periodically is a mandatory change of auditor, while companies that are not obliged to change auditors following the provisions of the current regulations are voluntarily changing auditors (Widyaningsih et al., 2019).

According to Rahmawati & Indrijawati (2020), workload is defined as the workload experienced by auditors based on the quantity of clients they handle and the time they have to audit clients. The quality of financial report audits decreases as workload pressure increases (Fadhilah et al., 2021). Workload is also known as capacity stress, which is the busy period faced by auditors when carrying out their duties. Capacity stress is temporary and can cause a decline in audit quality from client companies (Putra & Majidah, 2022).

The level of expertise that an auditor has when auditing a client's financial statements is the auditor's specialty (Jannah, 2020). Auditor specialization is considered to improve audit quality by deepening the auditor's understanding and knowledge of the risks associated with a particular industry or sector. Auditors who have in-depth knowledge can also be seen from the professional certificates they obtain. Clients can trust auditors' expertise more if they have a professional certificate, thereby leading to increased audit quality. Certificates are degrees that IAPI gives, namely Chartered Accountant (CA), Cost Per Action (CPA), and Certified Statement of Financial Accounting Standards (*Certified Pernyataan Standar Akuntansi Keuangan/CPSAK*) (Amanda et al., 2018).

Audit fees are payments that auditors are given after carrying out their work in auditing and revealing the suitability of a client company. Large banking companies in Lebanon dare to pay expensive audit fees to get auditors who can provide quality audits (Putra & Nelvirita, 2022). The audit fee for each auditor is different, the size of the audit fee is usually determined by many factors, including level of ability, level of difficulty in the work, level of risk faced and other considerations (Gunawan & Achyani, 2024). In this context, the focus of agency theory on governance is to highlight the importance of efficient and transparent control mechanisms in managing the correlation between the Public Accounting Firm (agent) and its client (principal). Conflicts can arise when KAPs are tempted to reduce the quality of their audits to meet client desires and maintain income from audit fees received. However, with good governance, this kind of conflict can be reduced or avoided. Based on the findings of Rizaldi et al. (2022) findings explain that there is an important positive relationship between audit fees and audit quality. The impact of audit fees on audit quality can be attributed to the fact that achieving high-quality audit results requires more complicated procedures to reveal substantial insights. As a result, this results in an increase in operational costs during the audit process, resulting in large audit fees.

H1: Audit fees have a positive effect on audit quality

Auditor switching is a change of auditors in a client company. Auditor switching is carried out so that the level of auditor independence is maintained, if an auditor works for too long at a client company the level of independence of an auditor is doubtful because there may be cooperation in auditing the company's financial statements which is equally beneficial for both the client and the auditor (Darmawan et al., 2021). Therefore there is Government regulation no. 20 of 2015 which stipulates that auditor switching in a company must be carried out for a maximum of 5 consecutive years, but there is no need to change KAP, if the company wants to continue working with the same auditor, for 2 consecutive fiscal years the auditor does not carry out company audits. that client (Fianti & Badjuri, 2023). Good governance should include an objective process for selecting new auditors. The process of conducting auditor switching must consider the quality of the auditor and KAP,

competency and independence of the selected KAP to ensure that the audit will be carried out carefully and professionally. By highlighting these aspects of governance, agency theory can help make auditor switching decisions more rational and considered based on audit quality. Well-managed auditor switching is able to strengthen audit quality, guarantee auditor independence, and provide confidence to stakeholders in the financial statements reported.

The study conducted by Reid et al. (2019) provides evidence that changing auditors has a negative impact on audit quality. Similar findings were identified in an investigation conducted by Sattar et al. (2020) in the context of manufacturing companies which revealed a statistically significant detrimental impact of auditor turnover on audit quality. In agency theory, it is stated that there is an efficient agreement between the principal and the agent. However, in practice, differences in interests that arise due to human nature which tends to be selfish can result in principals and agents having different visions. For example, managers want to get big bonuses at all costs, while auditors aim to provide high audit quality, so management chooses to change auditors. This could potentially reduce audit quality and new auditors will face difficulties in understanding their client's new business situation. The audit quality of a company may decrease if auditors are replaced too often because the new auditor must research the client company in order to conduct a more thorough audit.

H2: Auditor switching has a negative effect on audit quality

Workload, as defined by Putra & Majidah (2022), refers to the demands placed on auditors, including the number of clients they handle and the limited time available to carry out a thorough audit. The large workload borne by auditors can cause a decrease in their performance, thereby increasing the possibility of errors in detecting fraud and financial discrepancies (Pertiwi et al., 2020). The impact of workload on audit quality is important because excessive workload can reduce the accuracy and quality of audits carried out by KAP (Persellin et al., 2019). By implementing effective governance and ensuring proper workload management, as well as allocating adequate resources for each client audit, agency theory can help in mitigating the adverse impact of workload on audit quality. In this way, audit quality can be improved without compromising the welfare and integrity of the auditor. Workload is also commonly referred to as capacity stress, which represents the intense periods experienced by auditors while carrying out their duties. Pressure on workload capacity is also known as capacity stress, which is a busy period faced by auditors when carrying out their duties. Capacity stress is temporary and can cause a decline in audit quality from client companies (Putra & Majidah, 2022). Usually the capacity stress faced by auditors occurs at the end of the period, because companies must submit audited financial reports to the Financial Services Authority (OJK) by the end of April (Putra & Nelvirita, 2022).

The study carried out by Pertiwi et al. (2020) said that financial sector companies explained that the workload factor had an unfavorable effect on the quality of audit assessments. In line with research by Fadhilah et al. (2021) on manufacturing companies which highlights the negative impact of workload. The quality of financial report audits is closely correlated with workload pressure. Assessing workload levels involves considering factors such as the number of clients managed by the auditor and tight audit deadlines. This phenomenon occurs because with increasing workload, the auditor's concentration and accuracy in conducting audits tends to decrease. The high workload faced by auditors can cause a decrease in performance, increasing the possibility of errors in detecting fraud and

financial discrepancies (Pertiwi et al., 2020).

H3: Workload has a negative effect on audit quality

The auditor's expertise can be seen based on the number of hours the auditor has spent examining the client's financial reports. The more extensive an auditor's history with a client's financial records, the deeper their understanding of the client's business context and industry specifics (Jannah, 2020). Involving auditors who have expertise and knowledge in the client's specific industry is expected to increase the company's understanding and risk assessment, thereby obtaining financial reports that are more precise and can be used properly. The application of agency theory can help ensure that auditor specialization is used effectively to improve audit quality, while preventing conflicts of interest that could endanger the auditor's independence and integrity.

Based on observations carried out by Sari et al. (2020), it was found that professional auditors and audit quality have quite a large influence. This finding is in line with studies carried out by (Amanda et al., 2018; Jannah, 2020). Accumulated extensive experience and in-depth understanding with the hope of obtaining extraordinary and comprehensive examination results. This in-depth understanding is very important, considering that each industrial sector has a different financial reporting system, which includes (Fadhilah et al., 2021).

H4: Auditor specialization has a positive effect on audit quality

3. RESEARCH METHODOLOGY

This research uses a population of financial sector companies on the Indonesia Stock Exchange (*Bursa Efek Indonesia/BEI*). Company data was taken from the website www.idx.co.id by taking annual report data and company financial statements for the 2020 period for 103 companies, for the 2021 period for 105 companies, and for the 2022 period for 106 companies from various financial sub-sectors such as the banking sector, financial institutions. Purposive sampling was used to determine the sample in this research by establishing several criteria to find financial data to be studied. The purposive sampling method produced a sample of 145 companies over 3 years that could be studied. The criteria used include; First, financial sector companies listed on the Indonesia Stock Exchange (BEI) website during the 2020-2022 period. Second, financial sector companies that publish complete financial reports and annual reports during the 2020-2022 period. Third, companies that disclose audit fee data. Fourth, companies that disclose workload data. This study focuses on the concept of audit quality (Y), this reflects the auditor's ability to effectively evaluate corporate clients, including detecting and reporting potential fraud or unauthorized activities. To evaluate audit quality, the size of the Public Accounting Firm (KAP) is considered to play a key factor.

This research uses Audit Capacity Stress (ACS) as a benchmark for measuring workload. This research uses measurement techniques from research (Pertiwi et al., 2020). Auditors are considered to have high professionalization when auditors can evaluate audits of 15% of the total number of companies in that company sector (Ayuni et al., 2023). A dummy variable is used for findings with a size of 1 for auditors who control 15% of the number of companies in a sector, while a size of 0 for auditors who control under 15% of the number of companies in a sector. Descriptive statistics convert research data into tabular form, making it easier to understand. Information in the form of statistics expresses results using measures such as mean, smallest score, largest score, and standard variation.

$$\text{Audit Quality (LN)} = \ln \text{AQ} / (1 - \text{AQ}) + \beta_0 + \beta_1 \text{FA} + \beta_2 \text{AS} + \beta_3 \text{W} + \beta_4 \text{SA} + e$$

Information:

AQ = Audit Quality

FA = Audit Fee

AS = Auditor Switching

W = Workload

SA = Auditor Specialization

e = Residual Error

In logistic regression analysis, the dependent variable is a dummy variable in the form of codes 1 and 0. The independent variable can also be a mixture of ratio and nominal size. Therefore, the logistic regression analysis method does not require normality and heteroscedasticity tests or conventional hypothesis tests on several independent variables (Astivia & Zumbo, 2019). The following are the tests carried out in Logistic regression analysis. The test is carried out to be able to determine the magnitude of the influence of the independent variable on the dependent variable. Nagelkerke's R squared is a modification of the coefficient presented by Cox and Snell, producing numerical results ranging from 0 to 1. To carry out this assessment, the R2 values of Cox and Snell are normalized by dividing them by their maximum value. The hypothesis of this study was tested through logistic regression analysis, and the regression coefficient was calculated using Wald statistics. By comparing significant p values, the Wald test is used to determine whether the independent variable has an impact on the dependent variable. The hypothesis is accepted if the significance value is less than 5%, and rejected if the significance value is greater than 5%.

4. RESEARCH RESULT

Descriptive analysis is carried out with the aim of getting a general picture of the observed variables, including describing the overall minimum, maximum, mean and variable distribution. This research involved 145 units (N), consisting of 50 companies in the financial sector in 2020, 48 companies in the financial sector in 2021, and 47 companies in the financial sector in 2022. The findings of the descriptive analysis are presented in table 2:

TABLE 1 Descriptive Statistics

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Dev</i>
Fee_Audit	145	18.68	23.96	21.0070	1.27429
Workload	145	.07	4.00	1.5300	1.38321
<i>Valid N (listwise)</i>	145				

Source: SPSS 21 data processing, 2023

The independent variable The mean audit fee paid by the 145 companies studied was 21,0070. In this context, Mean describes the average size of the audit fees studied. This average audit fee is used to provide an overview of the level of audit fees issued by financial sector companies in 2020-2022. The average audit fee is high, so it reflects that companies in the 2020-2022 financial sector sample tend to pay high audit fees. Variable X3 is

Workload which produces a Minimum size of 0.07, a Maximum size of 4 and an average workload variable of 1.5300. The average workload of the 145 companies studied was 1.5300. This workload average is used to provide an idea of the level of workload applied. Overall, Workload levels tend to be between minimum and maximum values, with the majority of cases probably at moderate workload levels.

TABLE 2 Audit Qualities, Auditor Switching and Auditor Specialization

		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Valid	KAP Non Big 4	81	55.9	55.9	55.9
	KAP Big 4	64	44.1	44.1	100.0
	Total	145	100.0	100.0	
Valid Auditor	Change of Auditor	22	15.2	15.2	15.2
	No Substitution	123	84.8	84.8	100.0
	Total	145	100.0	100.0	
Valid	Non Specialist	86	59.3	59.3	59.3
	Specialist	59	40.7	40.7	100.0
	Total	145	100.0	100.0	

Source: SPSS 21 data processing, 2023

The dependent variable, audit quality, is shown in Table 3 above. There are 81 companies with KAP Non Big 4 and 64 companies with KAP Big 4. Of the sample of companies in the financial sector, 59.9% have KAP Non Big 4 and 44.1% have KAP Big 4. In conclusion, the majority of companies use KAP Non Big 4 in conducting audits within their companies. Based on table 3 above, there was a change in auditors for 22 companies, while 123 companies retained their existing auditors. This shows that 15.2% of financial sector companies chose to change auditors, while the majority, namely 84.8%, did not change auditors in the reporting year (2020-2021). In short, it can be concluded that most companies continued to use their current auditors during this period. Based on table 3 above, it shows that the independent variable X4 is, auditor specialization. In terms of auditor specialization, there are 59 companies with specialist auditors, while 86 companies do not use specialized auditors. There are 40.7% of companies using specialized auditor services, while 59.3% of companies do not use specialist auditor services. In conclusion, the majority of companies employ non-specialist auditors.

TABLE 3 Iteration Histories

<i>Literation</i>	<i>-2 Log likelihood</i>	<i>Coefficients</i>				
		<i>Constant</i>	<i>Audit Fees</i>	<i>Auditor Switching</i>	<i>Workload</i>	<i>Auditor Specialization</i>
1	64.691	-6.427	.224	-.054	.156	3.156
2	45.801	-14.625	.580	-.132	.426	4.184
3	38.532	-23.687	.982	-.268	.834	4.925
Step 1	35.476	-29.703	1.239	-.493	1.338	5.917
4	34.594	-33.544	1.394	-.633	1.783	6.855
5	34.532	-35.000	1.452	-.653	1.925	7.202
6	34.532	-35.133	1.457	-.653	1.936	7.231
7	34.532	-35.134	1.457	-.653	1.937	7.231
8	64.691	-6.427	.224	-.054	.156	3.156
Step 01	199.015	-.234				
2	199.015	-.236				
3	199.015	-.236				

Source: SPSS 21 data processing, 2023

The difference between tables 4 and 5 lies in -2 Log Likelihood, in table 7 the result is -

2 Log Likelihood of 199,015. Meanwhile, in table 9, which is the final -2 Log Likelihood result, there is a decrease of 164,483, so the final result is 34,532. In conclusion, a reduction of -2 Log Likelihood shows that the hypothesis in the model is fit and in accordance with the data. The output results of the Nagelkerke's R Square test are shown in table 5 below:

TABLE 4 Hosmer and Lemeshow Test and Model Summary

<i>Step</i>	<i>Chi-square</i>	<i>df</i>	<i>Sig.</i>	<i>-2 Log likelihood</i>	<i>Cox & Snell R Square</i>	<i>Nagelkerke R Square</i>
1	4.593	8	.800	34.532 ^a	.678	.909

Source: SPSS 21 data processing, 2023

Based on this research, it was found that the significance value obtained was 0.800, based on table 5 presented. If the magnitude exceeds 0.05, it can be interpreted that Ho is accepted. So a conclusion can be drawn where the research is in line with the results of observational data, and the regression model can be used well because there is a lack of striking differences between the categories investigated and predictions. Classification/categorization, also known as clustering, is the process of categorizing or grouping objects or information based on certain characteristics, properties, or similarities. Basically, classification involves identifying patterns or unique features in the things being analyzed, so that they can be placed in appropriate categories. The results of the model fit test showed a decrease in the magnitude of 2 Log Likelihood when compared with the initial magnitude of 2 Log Likelihood. This describes consistent data and models. Table 6 presents the findings of Nagelkerke's R Square which shows a value of 0.909. This explains that around 90% of the variance in the dependent variable is audit quality which can provide an illustration through independent variables which include audit fees, auditor turnover, workload and auditor specialization. The remaining 10% is due to several factors outside of this observation.

KAP Big 4 vs KAP Non Big 4 is used as a classification in this research. The results obtained are displayed in table 6 below:

TABLE 5 Classifications

<i>Observed</i>	<i>Predicted</i>		<i>Percentage Correct</i>
	<i>Kualitas Audit</i>		
	<i>KAP Non Big 4</i>	<i>KAP Big 4</i>	
KAP Non <i>Big 4 Step 1</i>	79	2	97.7
Kualitas Audit KAP <i>Big 4</i>	5	59	92.2
Overall Percentage			95.2

Source: SPSS 21 data processing, 2023

The classification results of 145 companies in the financial sector that utilize Big 4 KAP audit services are 92.2% of companies that use Big 4 KAP audit services and 97.5% for companies that do not use Big 4 KAP audit services. Of the 145 sample companies, the largest Appropriate discretion leads to audit quality for Non-Big 4 KAPs of 79 companies with 2 observations, resulting in a classification accuracy of 97.5%, while for Big 4 KAP companies there are 5 with 59 observations, resulting in a classification accuracy of 92.2%. Overall classification accuracy was 95.2%.

TABLE 6 Logistic Regression Coefficient Test Results

<i>Variable</i>	<i>B</i>	<i>S.E.</i>	<i>Wald</i>	<i>df</i>	<i>Sig.</i>	<i>Exp(B)</i>
Fee Audit	1.457	.506	8.287	1	.004	4.295
Auditor Switching	-.653	1.323	.244	1	.622	.520
Workload	1.937	.766	6.398	1	.011	6.935
Spesialisasi Auditor	7.231	1.688	18.357	1	.000	1382.266
Constant	-35.134	11.159	9.914	1	.002	.000

Source: SPSS 21 data processing, 2023

$$KA = \ln \frac{AQ}{1 - AQ} + \beta_0 + \beta_1 FA + \beta_2 AS + \beta_3 W + \beta_4 SA + e$$

Information :

AQ = Audit Quality

FA = Audit Fee

AS = Auditor Switching

W = Workload

SA = Auditor Specialization

e = Residual Error

This test was carried out to assess the influence between the independent variables (audit fees, auditor switching, workload and auditor specialization) and the dependent variable, namely audit quality.

$$KA = \ln \frac{AQ}{1 - AQ} - 35.134 + 1.457FA - .653AS + 1.937W + 7.231SA + e$$

The influence of the independent variable on the dependent variable is determined by the Wald test.

It can be concluded; first, the audit fee variable has a Wald value of 8.287 and a significant value of 0.004, with a significant value smaller than the α value (0.05). The conclusion obtained is that audit quality is proven to have a positive and significant effect on audit fees. Second, the auditor switching variable has a Wald value of 0.244 with a significant value of 0.622, where the significant value is greater than the α value (0.05). So in conclusion, changing auditors does not have a negative and significant effect on audit quality. Third, the workload variable produces a Wald value of 6.398 and a significant value of 0.011, where the significant value is smaller than the α value (0.05). Therefore, it can be concluded that workload in the financial sector has a negative and significant influence on audit quality. Fourth, the auditor specialization variable produces a Wald value of 18.357 with a significant value of 0.000, where the significant value is smaller than the α value (0.05). So in conclusion, auditor specialization has a positive and significant influence on audit quality.

Based on the hypothesis test on X1, the variable related to audit fees produces a significant value of 0.004, less than the α threshold (0.05). Therefore, H1 is supported which explains that the amount of the audit fee has a positive impact on the quality of the audit results. Audit fees vary between auditors and are usually determined by various factors, including level of expertise, task complexity, risk factors, and other considerations (Gunawan & Achyani, 2024). These costs affect audit quality because obtaining good quality

audit results often requires more comprehensive procedures, thus causing an increase in operational costs in the audit process, resulting in higher audit fees. Analysis by Ayuni et al. (2023) in transportation subsector companies found a positive and significant relationship between audit costs and audit quality. Similar findings were also found in Jannah's (2020) and Gunawan & Achyani's (2024) research on manufacturing companies which confirmed that the amount of audit fees given by clients affects the quality of audit results.

Based on Government Regulation Number 20 of 2015, which mandates auditor switching every five consecutive years, companies comply with this regulation when changing auditors, so that audit quality is not affected (Hunt et al., 2021). Research findings explain that changing auditors does not always result in higher quality audits. Even without auditor switching, auditor independence remains stable, thereby ensuring optimal audit quality. Hartadi's research (2012) explains that the impact of auditor switching on audit quality can be ignored because market movements prioritize capital gains over auditor rotation. In the context of agency theory, auditor switching aims to convince stakeholders. However, due to government regulations that limit the term of office of auditors, audit quality remains consistent regardless of whether it is a Big 4 or non-Big 4 audit company. Analysis by Ayuni et al. (2023) who studied transportation subsector companies from 2018 to 2021 and found that auditor switching had no impact on audit quality. There are also similar findings in several studies, all of which conclude that changing auditors does not have a major impact on audit quality (Muliawan et al., 2017; Udayanti et al., 2017; Darmawan et al., 2021).

Based on the hypothesis test regarding variable In summary, excessive workload has a negative impact on the quality of audit reports. Workload in this context relates to the burden borne by the auditor. With increasing workload pressure, the quality of financial report audits also decreases, this is proven through observations (Fadhilah et al., 2021). This phenomenon arises because the level of concentration and accuracy decreases when facing a large workload, a more significant workload causes a heavier workload. Negative impact on audit quality, which ultimately results in a decrease in profits This result is similar to the research results of Pertiwi et al. (2020), who investigated financial sector companies between 2016 and 2019 and found a significant negative correlation between workload and audit quality. Furthermore, research by Nurillah et al. (2023) which focuses on manufacturing companies from 2018 to 2020 also supports the notion that workload has a negative effect on audit quality.

Based on hypothesis testing on X4, the variable that explains auditor specialization produces a significant value of 0.000, which is below α (0.05), so H4 is accepted. In short, auditor specialization has a beneficial impact on audit quality. The greater the level and duration of the auditor's involvement in examining the client's financial statements, the deeper their understanding of the client company and related industrial sectors will be. With broad and deep experience and insight, it is hoped that the results of the audit carried out will demonstrate superior accuracy and accuracy. This in-depth understanding is important because there are differences in financial reporting systems inherent in various industrial sectors (Fadhilah et al., 2021). This finding is in accordance with Sari et al. (2020) in manufacturing companies, which explains that auditor specialization has a positive effect on audit quality. Thus, Jannah's (2020) analysis of service-oriented companies also highlights the positive impact of auditor specialization on audit quality.

5. CONCLUSIONS

The results of the research that has been conducted state that audit fees and auditor

specialization have a positive and significant influence on audit quality in financial sector companies listed on the IDX during the 2020-2022 period. On the other hand, workload during the 2020-2022 period has a negative and significant impact on audit quality in financial sector companies listed on the IDX. However, auditor switching did not have a significant impact on audit quality in financial sector companies listed on the IDX during the same period. This research provides an overview of KAP regarding several factors that can have an impact on audit standards in the financial sector and can be a reference for improving audit quality. To increase the usefulness and consistency of this research, several factors can be considered in future research. First, an extended research period or a larger sample of companies is intended to provide a deeper understanding of the factors that influence audit quality. Continuation of this research could also consider utilizing other variables relevant to audit quality, for example audit duration and competency, or combining these variables from various literature sources to obtain more complex results. In addition, to provide more precise and reliable results, future research can consider using more precise measurement techniques for each variable. It is hoped that future research will improve the understanding and application of auditing.

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