

The Analysis Of Determinants Affecting On Audit Opinion: Evidence From Indonesia

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Abstract: This research aims to analyse the determinants that affect Audit Opinion Statements by independent auditors, namely Auditor Education, Professionalism and Auditor Switching. This research is categorised as quantitative research with data collection methods using questionnaires for 60 independent auditors who work in eight Public Accounting Firms in Jakarta, Indonesia. Data was processed using Smart PLS version 3.00 to prove the hypothesis. The quality indicators of the questionnaire have passed the validity and reliability tests. The t-test results reveal that Auditor Education, Professionalism, and Auditor Switching partially have a positive and significant effect on Audit Opinion. The effect of Professionalism on Audit Opinion shows the lowest positive influence between the effect of Auditor Education and Auditor Switching on Audit Opinion. The main findings of this research reveal the need for auditor professionalism to contribute to providing audit opinion statements.

Keywords: Auditor Education; Professionalism; Auditor Switching; Audit Opinion.

Abstrak: Penelitian ini bertujuan untuk menganalisis determinan yang berpengaruh terhadap Pernyataan Opini Audit oleh Auditor Independent, yaitu: Pendidikan Auditor, Profesionalisme dan Penggantian Auditor. Penelitian ini dikategorikan sebagai penelitian kuantitatif dengan metode pengumpulan data dengan menggunakan kuesioner terhadap 60 auditor independent yang bekerja di 8 Kantor Akuntan Publik di Jakarta, Indonesia. Data diolah dengan menggunakan Smart PLS versi 3.00 untuk membuktikan hipotesis. Kualitas indikator dari kuesioner sudah lolos uji validitas dan reliabilitas. Hasil uji - t mengungkapkan Pendidikan Auditor, Profesionalisme dan Penggantian Auditor secara parsial berpengaruh positif dan signifikan terhadap Opini Audit. Pengaruh Profesionalisme terhadap Opini Audit menunjukkan pengaruh positif paling rendah diantara pengaruh Pendidikan Auditor dan Penggantian Auditor terhadap Opini Audit. Temuan utama penelitian ini mengungkapkan tentang kurangnya kontribusi Profesionalisme Auditor dalam pemberian Pernyataan Opini Audit.

Kata Kunci: Pendidikan Auditor; Profesionalisme; Penggantian Auditor; Opini Audit.

INTRODUCTION

The era of globalisation has made many changes. One of the increasing changes is the appearance of several professions that support the national economy. Public accountants are one of the professions supporting improving the national economy. Law of the Republic of Indonesia number 5 of 2011 concerning Public Accountants has a massive role in supporting an effective and efficient national economy and increasing transparency and quality of information in the financial sector. The role of a Public Accountant is to improve the quality and credibility of an entity's financial statements, specifically in providing an audit opinion on the entity's financial statements. ACFE's (Association of Certified Fraud Examiners) survey data for 2019 shows that the lowest Type of fraud detrimental in Indonesia is fraud on financial statements, at 6.700 per cent.



Fraud losses are only under 10 million rupiahs. This shows that fraud on financial statements is a smaller percentage than corruption and misuse of organisational assets; it is quite a significant loss. Giving an audit opinion on financial statements becomes more challenging and complex, which affects the quality of audit results issued by the auditor.

Recently, there has been an unfavourable phenomenon related to the performance of public accountants or independent auditors, namely that there are several companies, as explained below after the company received an audit opinion, it turned out that not long after the company faced various problems that were not previously disclosed based on the audit opinion provided, such as the auditor failed to find fraudulent activities in financial statements and other ethical violations. This phenomenon has resulted in the prestige and authority of public accountants facing an alarming setback marked by a decline in public trust in public accountants.

Several factors cause an auditor to have good audit quality, including providing opinion, competence, time pressure, experience, and independence. Sun Prima Nusantara Finance was one of the cases that reduced public trust in public accountants. This case involved Public Accountants (PA) Marlinna, PA Merliyana Syamsul, and Public Accountants or Office of Public Accountant (OPA) Satrio, Bing, Eny, and Partners.

The problem in this case is that OPA Satrio, Bing, Eny and Partners gave an Unqualified Opinion. The Financial Service Authority (FSA) did not give this opinion when the FSA re-examined the financial statements. The failure of the OPA to detect fraudulent financial statements made the FSA impose sanctions. The sanction was given, namely the cancellation of the results of the audit of his client, SNP Finance, and the prohibition of auditing the banking sector, capital markets, and the non-bank financial industry (IKNB). Another fundamental about the sanctions that be given by FSA to PA Marlinna, PA Merliyana Syamsul and Deloitte have many serious violations, the violation of Law of FSA Number 13/POJK.03/2017 about the Use of Public Accountant Services and The Office of Public Accountant.

A professional auditor provides an objective, unbiased, unrestricted opinion and reports problems as they do not report according to the wishes or interests of other parties. Based on the case above, it can be concluded that the auditor must obtain formal and additional education in the field in which he or she is involved so that the auditor can know various problems in depth. The auditor took formal education, including knowledge of accounting and auditing. According to the American Accounting Association (AAA), accounting identifies, measures, and reports economic information to enable precise and firm assessments and decisions for the information users.

Auditing is collecting, examining, and objectively evaluating a company's financial statements by an independent, competent person to determine the fairness of a financial statement and the company's financial position and results of operations (Kaka, 2021). Formal knowledge of finance and the economy, especially accounting and auditing, is crucial for all auditors. This knowledge is an essential basis that becomes a primary capital as long as they work as accountants, especially when auditing client financial reports.

This capital is an essential step that someone can take to become an auditor. The first step taken by the auditor is formal education. Formal education forms the basis of the auditor's theoretical knowledge of auditing. The auditor must have much experience (Puspaningsih & Fadlilah, 2017).

The auditor took the experience from how many assignments were taken and how the auditor could solve problems that occurred during inspections. The experience taken



by the auditor is not only that but also how long the auditor has worked so that he can become a professional and highly credible auditor. Auditors are professional after working for 1-2 years and understand the code of ethics of accounting standards and the auditor's code of ethics well. The auditor takes the experience, and it also cannot be said that the auditor is professional. In addition to being a professional who has a professional attitude, the auditor must also have sufficient knowledge of his profession to support his work in carrying out each inspection.

Public accountants are also expected to be able to understand the professional code of ethics given by the Indonesian Institute of Accountants (IAI). Meanwhile, professionalism has become a critical issue for accounting because it can describe the accountant's performance. The description of professionalism in public accounting is reflected in five dimensions: dedication to the profession, social obligations, independence, confidence in the profession, and relationships with colleagues.

There were several cases related to violations of professional ethics committed by auditors. One of them was done by Public Accountant Drs. Petrus M. Winata from the Office of Public Accounting (OPA) Drs. Partners Winata and Renata. This case occurred at PT. Muzatek Jaya. Public Accountant Drs. Petrus M. Winata was an auditor responsible for examining PT's financial statements. Muzatek Jaya. PT. Muzatek Jaya bribed Drs. Petrus M. Winata by asking the auditor to conduct an examination only on general financial reports. PT. Muzatek Jaya took these actions so that investors still have confidence in the company and do not leave the company.

Auditor Drs. Petrus M. Winata accepted the bribe voluntarily. This case has made the public question the level of professionalism of the auditors at OPA Petrus Mtra Winata because OPA Petrus Mitra Winata is an office of public accounting with professional auditors. This has an impact on the continuity of the OPA because the Ministry of Finance freezes permits and is prohibited from providing attestation services, including general audits, reviews, performance audits and special audits and is also prohibited from being a partner leader or OPA branch leader but still responsible for the services that have been provided. As well as must meet the requirements for participating in Continuing Professional Education (PPL).

In addition to the cases above, some cases produce unrealistic results regarding the audit opinion that occurs in the case of a change of auditors. This case was found in one of the transportation and logistics sectors, namely at PT Garuda Indonesia Tbk in 2019 in the case of public accountants responsible for reporting factual financial performance aimed at all interested parties. However, in reality, the auditor manipulated the financial statements so that financial statements were not signed by the board of directors, which caused PT Garuda to replace the auditor, which was initially carried out by an affiliate of OPA BDO, replaced by OPA Tanudireja, Wibisana, Rintis & Partners with auditor Daniel Kohar who has a good reputation in conducting audits and entering the ranks of Big 4 namely OPA PWC affiliates in Indonesia.

There are two types of auditor switching, namely mandatory auditor switching and voluntary auditor switching; the government issued a new regulation that regulates the obligation to change auditors, namely Government Regulation Number 20 of 2015 Article 11 paragraph 1 concerning "Public Accountant Practices" which states that the provision of audit services on historical financial information for an entity by a Public Accountant (AP) is limited for a maximum of 5 consecutive financial years.



This research emphasises the importance of auditor education, audit experience and auditors who have conducted audits in the last 1-2 years, where an auditor must understand the role of information technology in their audit activities. This research focuses on the results of audit opinions made by an auditor with additional knowledge and experience related to information technology in his work environment as an independent auditor. Moreover, the results of this research were carried out after the COVID-19 pandemic era, when some audit data collection was carried out virtually by auditors. Audit programs are carried out in some audits using a computerised audit program. Thus, the resulting audit opinion reflects the auditor's education, audit experience and auditor switching.

The difference between this research and other research proves the spirit of professionalism in public accountants to work professionally, either as independent auditors from affiliated Big 4 public accounting firms or public accountants who are not affiliated with the Big 4, or as public accountants with local public accountant status. Providing an audit opinion on financial statements is full of risks when the auditor is less professional. Being less professional also means having sufficient audit experience but needing more honesty to reveal the truth.

THEORETICAL REVIEW

According to agency theory, modern companies always have two interests: the interests of the company owner (principal) and management (agents). In traditional companies, the owner is responsible for financial management and accounting. However, in modern companies, these responsibilities must be separated so that there is clarity of responsibility. Sometimes, the interests of company owners and management differ, and conflicts of interest will occur when there is no balance in information. An auditor must stand neutrally between them, so he must be professional and have high integrity in his work. Therefore, public accountants must have the courage to reveal their findings even though it risks the safety of their audit career.

Theoretical review is a critical and analytical process that involves understanding, evaluating, and synthesising theories relevant to the research topic. It involves investigating and discussing existing literature to understand the theoretical framework of a topic or research problem. Some of the objectives of a theoretical review include: (1) Identify the Framework. Establish the theoretical basis for the research by identifying relevant theories and key concepts related to the research topic. (2) Explaining the Research Position: Provides an understanding of how the research to be conducted integrates or conflicts with existing theories. (3) Filling Knowledge Gaps. Identify knowledge gaps or unanswered research questions in existing literature. (4) Provides Context for Understanding. Placing research in a broader context helps researchers and readers understand the research problem's theoretical basis. (5) Assist with Hypothesis or Framework Development. Formulate a hypothesis or develop a research framework based on the theories that have been reviewed. In conducting a theoretical review, researchers must be able to synthesise and present the literature in a way that contributes to understanding the research topic. It is essential in guiding research methodology and provides a foundation for data analysis.

The auditor gives the audit opinion regarding the fairness of presenting the company's financial statements. The audit opinion is an integral part of the audit report, where this audit opinion is usually conveyed in the opinion paragraph (Qomari &



Suryandari, 2019). The Indonesian Institute of Accountants (IAI) states that an audit report is a means for the auditor to express his opinion or when circumstances require him to express no opinion. As an independent party, the auditor is not justified in favouring anyone's interests, is not easily influenced, and must be free from any obligations to his client and have an interest in his client. So, the audit report contains the auditor's opinion, which is a statement of fairness in all material respects; the financial position and results of operations and cash flows are by the applicable accounting standards. The opinion contained in the audit report is critical in the audit process or other attestation processes because this opinion is the leading information that can inform users of information about what the auditor did and the conclusions he obtained (Hayati et al., 2021). This opinion will later affect the performance and compliance of a company in making financial reports. Reports issued by the auditor can be divided into two categories, namely:

Standard audit reports. A standard audit report is an official document an auditor prepares after completing the audit process. The purpose of an audit report is to present the auditor's findings, results, and opinions related to the audited financial conditions or business processes. Some common elements that can be found in a standard audit report are (a) Identification Statement. Name of the company or entity being audited and Audited period. (b) Statement of Auditor Responsibilities. A statement that the audit was carried out by applicable audit standards and an Explanation of the auditor's responsibility to obtain an adequate understanding of the audited entity and conduct the audit to obtain reasonable assurance. (c) Overview of Audit. The audit method was explained, and a statement about whether the audit was comprehensive or limited was provided. (d) Statement Regarding the Sustainability of the Entity. Entity sustainability assessment, if relevant; Statement of Auditor's Opinion: A statement of whether the financial statements provide a fair picture of the entity's financial position and Type of auditor's opinion, such as clear opinion (unqualified), qualified opinion, or unstated opinion. (e) Opinion Base. Explanation of the basis for the auditor's opinion, including details of findings or deficiencies that may be discovered during the audit. (f) Details of Audit Findings. Further information about significant issues or findings discovered during the audit. (g) Attachments and Notes. Additional attachments or notes that support the auditor's findings and opinions. Audit reports are prepared carefully and objectively to provide stakeholders with reliable information about the audited entity. In addition, audit reports must comply with applicable audit standards and meet relevant regulatory requirements.

Audit reports that deviate from the standard. Audit reports that deviate from the standard" refers to audit reports that do not conform to the established auditing standards or guidelines. Auditing standards are sets of criteria and principles that auditors follow to ensure consistency, reliability, and transparency in the audit process. Deviations from these standards may occur for various reasons and have significant consequences. Some key points related to audit reports deviating from the standard are as follows: (a) Non-compliance with standards; Auditors are expected to adhere to specific auditing standards relevant to the Type of audit being conducted (e.g., financial audit, internal audit, compliance audit). Deviating from these standards means not following the prescribed procedures and requirements. (b) Potential Causes of Deviation. Errors or Oversight. Sometimes, deviations may occur due to inadvertent errors, oversight, or misinterpretation of standards. Intentional Misconduct. Sometimes, deviations may be intentional and indicate fraudulent activities or unethical behaviour. (c) Loss of Credibility. Audit reports serve as a basis for stakeholders' decision-making, and their reliability is crucial. Deviating



from established standards can lead to losing credibility for auditors and the audit process. (d) Legal and Regulatory Consequences. Non-compliance with auditing standards may result in legal and regulatory consequences. Auditors are often subject to specific rules and regulations, and deviations may lead to legal action or regulatory sanctions. (e) Impact on Stakeholder Trust. Stakeholders, including investors, regulators, and management, rely on audit reports to assess an entity's financial health and compliance. Deviations can erode trust and confidence in the accuracy and objectivity of the audit process. (f) Remedial Actions. If deviations are identified, auditors and audit firms may need to take remedial actions. This may involve revising the audit report, addressing deficiencies in the audit process, and implementing measures to prevent similar deviations in the future. Auditors need to exercise professional judgment, maintain independence, and adhere to ethical standards to ensure the integrity of audit reports. If you have a specific context or question related to audit reports deviating from standards, please provide more details for a tailored response.

There are five types of audit opinions (Arens et al., 2017; Zarefar et al., 2019), namely (1) Unqualified Opinion includes: a. An unqualified opinion can be given if the auditor states that the financial statements are presented fairly in all material respects by generally accepted accounting principles in Indonesia. b. In implementing the engagement, the auditor can meet all general standards. c. The auditor can gather sufficient evidence, and the auditor has carried out the engagement in such a way as to allow for carrying out the three standards of fieldwork. d. Generally accepted accounting principles in Indonesia present the financial statements. No circumstances require the auditor to add explanatory paragraphs or modify wording in the audit report. (2) Unqualified Opinion with Explanatory Language: An auditor may add an explanatory paragraph (or other explanatory language) in the audit report, although this does not affect the unqualified opinion on the audited financial statements. An explanatory paragraph is listed after the opinion paragraph. Circumstances that are the leading causes for adding an explanatory paragraph or modifying words in the standard audit report consistently apply generally accepted accounting principles, and there is significant doubt about the entity's going concern. The auditor agrees with a deviation from the accounting principles issued by the Financial Accounting Standards Board, emphasising matters such as audit reports involving other auditors. (3) Qualified Opinion: A qualified opinion is given if the auditee presents the financial statements fairly, in all material respects, by generally accepted accounting principles in Indonesia, except for the effects of excluded matters. A qualified opinion is expressed in the absence of sufficient competent evidence, or there are limitations on the scope of the audit. The auditor believes that the financial statements contain deviations from generally accepted accounting principles in Indonesia, which have a material impact, and he concludes that he should not express an adverse opinion. (4) Adverse Opinion: An adverse opinion is given by the auditor if the auditee's financial statements do not fairly present the financial statements by generally accepted accounting principles. (5) Disclaimer of Opinion, a statement of not giving an opinion if the auditor gives an opinion on the audited financial statements. This opinion is also given if the auditor is not independent in his relationship with the client.

Accounting education is essential for becoming a professional auditor, especially since the auditor is an independent auditor responsible for providing audit opinions. Have an accounting education, meaning that you have obtained all knowledge about accounting, including auditing, from the faculty of economics majoring in accounting as evidenced by



a Chartered Accountant (CA) certificate from the Indonesian Institute of Accountants (IAI). Moreover, accounting and auditing education is an awareness of the knowledge possessed by someone valid for a lifetime because not only does accounting and auditing knowledge change and increase but auditors are also required to change and increase their knowledge; it has become a profession that demands. Additional education for auditors, such as the Advanced Education Program (AEP) from IAI, is critical to follow because it can increase the latest accounting and auditing knowledge. To be able to provide a statement of audit opinion on a client's financial statements, an auditor must have professional responsibility and be responsible in terms of skills, especially skills in auditing (Dewi et al., 2021). The hypothesis model in this study is that auditor education has a significant effect on audit opinion, so the hypothesis that can be proposed is:

H1: Auditor Education has a positive impact on audit opinion.

An auditor's professional ethics is essential because, in his work, he must be professional and maintain his reputation not to be affected by temptation when making decisions. The role of the auditor profession is very important and is the final foundation for providing objective financial information. The auditor is an independent party that can provide accurate information on audited financial statements (Santos & Yanti, 2021). To be able to provide an audit opinion statement, an auditor is not only required to have accounting and auditing education but also must have professionalism in completing his work. Professionalism is an attitude that someone in work must possess. Based on the Indonesian Accounting Association (IAI), the principle of professional behaviour requires accountants to a) comply with applicable laws and regulations; b) Behave consistently with the professional responsibility to act in the public interest in all professional activities and business relationships; and c) avoid any behaviour that is known or should be known to discredit the profession. Auditor professionalism can be seen in the performance in giving audit opinion statements. Regarding the ethics of the auditor profession, the Indonesian Association of Public Accountants (IAPI) has issued regulations: (1). Integrity, being honest regarding professionalism, (2). The objective is the attitude of not compromising professional judgment with any constraints. (3). Competence and prudence, ensuring that the performance provided is the best work result as a result of providing competent professional services. (4). Confidentiality, maintaining client confidentiality and (5). Professional behaviour, complying with all applicable laws. The model hypothesis in this study is that professionalism has a significant effect on audit opinion, so the hypothesis that can be proposed is as follows:

H2: Professionalism has a positive impact on audit opinion.

The replacement of the auditor in charge of auditing the client's company's financial statements occurs due to several considerations. Auditor replacement is a transfer or rotation between one auditor/OPA to another auditor/OPA. Auditor replacement is also interpreted as a decision-making action planned by a company going public to increase the value of the company. Regarding replacing this auditor, the government has issued regulation Number 20 of 2015 concerning the Practice of Public Accountants, which regulates the length of time for replacing a public accountant, which is at least five consecutive financial years. Then it was stated that two factors caused companies to change



auditors or OPAs, namely first, due to client-related factors, auditor replacements were caused by internal client companies themselves, for example, financial difficulties, failed management, changes in ownership, Initial Public Offering (IPO) and secondly, due to auditor-related factors, factors originating from the auditor's problems. For example, auditor reputation, audit opinion, and others. Moreover, it is stated that the replacement of auditors occurs due to differences in accounting standards, changes in company management, requests for additional services, and needs arising from new finances (Halim, 2021). The Model in this hypothesis is that auditor replacement has a significant effect on audit opinion, so the hypothesis that can be proposed is:

H3: Auditor Switching has a positive on Opinion Audit.

Research Framework. A Research Framework, or conceptual framework, is a structure that details the relationships between variables or concepts to be studied. The framework becomes the basis for research and helps researchers design research methods, identify relevant variables, and develop research hypotheses. The following are the general components of a research framework: (1) Research Problem Identification. Explain the background or context of the problem you want to research. Detail the research problem or knowledge gap to be addressed. (2) Literature Review. Present the results of previous research that are relevant to the research problem. Explain key concepts related to research. (3) Key Concepts. Identify the main variables or concepts to be researched. Develop operational definitions for these variables. (d) Hypothesis or Research Question. Formulate a research hypothesis which predicts the relationship between variables. For qualitative research, we can formulate research questions instead. (e) Conceptual Framework. Shows relationships between variables or concepts in the form of diagrams or schematics. Visualise how variables interact with each other. (f) Moderating and Controlling Variables (if any). If the research involves moderating or controlling variables, the framework must include them. Explain how this variable can influence the relationship between the main variables. (g) Relation to Theory. Connecting the framework of thinking with theories that support or motivate research. Demonstrate the relevance of research to a broader theoretical framework. (h) Research Limitations and Scope. State the limitations of the research and the scope of the expected results. A research framework helps direct and design research so that it can significantly contribute to understanding a problem or phenomenon. This also helps form the conceptual basis for the research conducted.

The research framework is as follows.



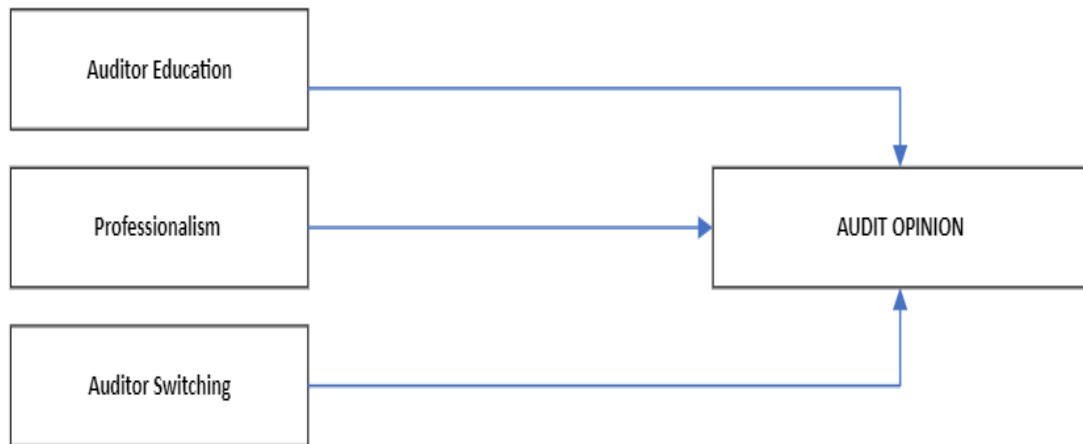


Figure 1. Research Model

Figure 1 shows the research model, namely the effect of auditor education, professionalism and auditor switching on opinion audit partially based on the three hypotheses above.

METHODS

The data and research methods used for this research are primary data and quantitative research methods. Quantitative research tests the proposed hypothesis based on empirical evidence collected through questions in the questionnaire. The dependent variable for this research is auditor opinion, with the independent variables namely auditor education, auditor professionalism and auditor switching. The selected research objects are auditors who work at the Central Jakarta Public Accounting Firm (OPA), which is registered with the Financial Services Authority (FSA) and IAI (Indonesian Accountants Association) because to determine the performance of an audit opinion, it must be based on answers to a questionnaire taken directly from the accountant or auditors. Testing to research hypothesis was carried out using Smart Partial Least Square (SmartPLS) version 3.00. SmartPLS is a powerful analysis method, often called soft modelling, because it eliminates OLS (Ordinary Least Square) regression assumptions such as data must be normally distributed in a multivariate manner and there are no multicollinearity problems between exogenous variables. SmartPLS can test theories or data that is not large or limited in quantity and is free from data normality problems. SmartPLS uses algorithmic literacy, so model identification is not a problem for recursive models. The purpose of SmartPLS is prediction, so SmartPLS always focuses on data and with limited estimation procedures, the problem of model misspecification only affects parameter estimates. Model evaluation in SmartPLS is divided into two parts, namely, the outer Model and the inner Model. The measurement model determines the relationship between research instruments and latent variables by conducting validity and reliability tests. Structural models determine the relationship between latent variables by conducting causality tests.

RESULTS

Respondent identity is information that identifies or refers to someone who provides responses or answers in a research or survey. This may include name, age, gender, or other characteristics that may differentiate respondents from each other.

Gender is a biological characteristic that distinguishes males and females based on factors such as chromosomes and reproductive organs. Age is the period that has passed since a person's birth or the occurrence of an event. In a human context, age can also refer to a person's life length.

Respondent education refers to the level of education attended or completed by the person answering a questionnaire or interview. This can include formal education, such as school or college, and non-formal education or training the respondent may have attended.

Table 1. Identify of Respondents

Explanation	Frequency	Percentages (per cent)
Sex:		
Male	10	16.670
Female	50	83.330
Total	60	100
Age :		
less than 25 Years	14	23.330
25 to 35 Years	44	73.330
36 to 55 Years	2	3.330
Total	60	100
Education:		
D3	5	8.330
S1	53	88.330
S2	2	3.330
Total	60	100
Auditor Education:		
less than 1 Year	10	16.660
1 to 5 Years	30	50
6 to 10 Years	20	33.330
Total	60	100
Occupation :		
Junior Auditor	10	16.660
Senior Auditor	48	80
Supervisor	1	1.660
Manager	1	1.660
Total	60	100

Sources: Data processes by Smart PLS, 2023

Table 1 shows an overview of gender, age, level of education, working period, and position. If seen from the results of the respondents, the sex of men is less than that of women, namely 16.670 per cent, while women are 83.330 per cent. The results of the respondents for age: the majority of respondents aged 25 to 35 years were 44 (73.330 per cent). S1 has a high educational level, equal to 53 respondents (88.330 per cent). The auditor's tenure of 60 respondents shows that the majority of auditors have worked for 1 to 5 years, namely 30 respondents (50 per cent). The auditor position among the



respondents shows that the senior auditor has the most respondents, namely 48 respondents (80 per cent).

Table 2. Descriptive Statistics

	N	Mean	Std. Deviation
AE [Auditor Education]	60	45.016	3.624
PRO [Professionalism]	60	46.933	4.099
AS [Auditor Switch]	60	38.816	5.225
AO [Auditor Opinion]	60	52.933	6.310
Valid N (listwise)	60		

Sources: Data processes by Smart PLS, 2023

Table 1 shows, it can be seen that respondents at 8 Public Accountant Firms have positive and mixed results. This can be seen in the answers to gender, age, level of education, working period, and position. In terms of gender, the majority of respondents who filled out the questionnaire were women. Respondents are aged 25 to 35 years and have bachelor's degrees. For the auditor's tenure, it can be seen that respondents aged 25 to 35 years have experience working in the Public Accountant Firms for around 1 to 5 years. Most of the respondents' positions were filled by senior auditors.

Table 2 shows that auditor education has a mean value of 45.016 and a standard deviation value of 3.624, which means that auditors working in public accountant firms have an education in accounting. Professionalism has a mean value of 46.933 and a standard deviation value of 4.099; this means auditors who work in Public Accountant Firms have a good attitude toward professionalism. Auditor Switching has a mean value of 38.816 and a standard deviation value of 5.225, which means that the auditors who work at public accountant firms have no problems when changing auditors. Audit Opinion has a mean value of 52.933 and a standard deviation value of 6.310, which means auditors who work in public accountant firms produce an excellent audit opinion—outer Model. The outer Model evaluates the tools to be used to collect research data. This evaluation determines the validity and reliability of data measurement tools.

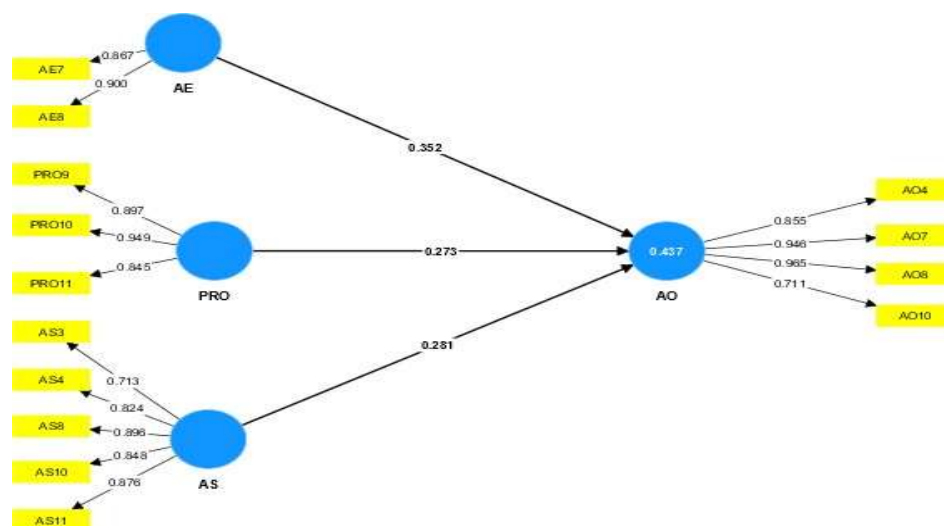


Figure 2. Algorithm Outer Model

Source: Data processes by Smart PLS, 2023

The factor loading results show the correlation between the indicators and their constructs. **Figure 2** shows indicators with low loading results, indicating that the indicator does not work in the measurement model. Meanwhile, the expected loading results are more than 0.700. The data processing results in **Figure 2** show that the overall results of the selected indicators are more significant than 0.700 based on Cronbach's alpha.

Table 3. Validity and Reliability Test

Variable	Indicators	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Auditor Education	AE 7	0.867	0.719	0.876	0.780
	AE 8	0.900			
Profesionalism	PRO 9	0.897	0.884	0.926	0.807
	PRO 10	0.949			
	PRO 11	0.845			
Auditor Switching	AS 3	0.713	0.889	0.919	0.696
	AS 4	0.824			
	AS 8	0.896			
	AS 10	0.848			
	AS 11	0.876			
Audit Opinion	OA 4	0.855	0.894	0.928	0.766
	OA 7	0.946			
	OA 8	0.965			
	OA 10	0.711			

Source: Data processes by Smart PLS, 2023

Table 3 shows that Auditor education is measured by two valid measurement indicators with outer loading 0.867 to 0.900, which means that the two measurement items indicate the level of auditor education. The level of reliability on the acceptable variable is shown by Cronbach's alpha and composite reliability of more than 0.700, namely 0.719 and 0.876 (reliable). The level of convergent validity indicated by the AVE value of 0.780, more than 0.500, meets the requirements for good convergent validity. Overall, the variation of the measurement indicators received by the variables reaches 78 per cent. Among the two measurement items, the AE 8 indicator has the highest outer loading, which is 0.900, which indicates that the auditor's expertise increases in carrying out the audit process along with the auditor's frequent attendance at seminars, training and workshops.

The three valid measurement indicators measure professionalism with an outer loading of 0.845 to 0.949, which means that the three measurement items measure professionalism. The variable's reliability level is acceptable, as shown by Cronbach's alpha and composite reliability of more than 0.700, namely 0.884 and 0.926 (reliable). The level of convergent validity indicated by the AVE value of 0.807, more than 0.500, meets the requirements for good convergent validity. Overall, the three measurement indicators received by the variables reached 80.700 per cent. Among the three measurement indicators, AE9 and AE10 have the highest outer loading, 0.897 and 0.949, indicating that the auditor can assess the performance of other auditors.

Auditor switching is measured by five valid indicators with an outer loading of 0.713 to 0.896, which means that the five measurement indicators are valid, showing the measurement results of auditor switching. The variable reliability level is acceptable, as



shown by Cronbach's alpha and composite reliability of more than 0.700, namely 0.889 and 0.919 (reliable). The level of convergent validity indicated by the AVE value of 0.696, more than 0.500, meets the requirements for good convergent validity. Overall, the five measurement indicators received by the variables reach 69.600 per cent. Among the five indicators, the AS11 and AS8 indicators have the highest outer loading, namely 0.876 and 0.896. These indicate that the audit opinion generated due to a voluntary change of auditors results in irrelevant audit results, and auditors tend to be more interested in working in large companies. Audit opinion is measured by four valid indicators with outer loading 0.711 to 0.965, which means that the four measurement items are valid, reflecting the measurement of audit opinion. The level of acceptable variable reliability is shown by Cronbach's alpha and composite reliability of more than 0.700, namely 0.894 and 0.928 (reliable). The level of convergent validity indicated by the AVE value of 0.766, more than 0.500, meets the requirements for good convergent validity. Overall, the four measurement indicators received by the variables reach 76.600 per cent. Among the four indicators, indicators OA7 and OA8 have the highest outer loading, namely 0.946 and 0.965, which indicate that the financial statements that somewhat describe the position of the financial statements, cash flow, are the basis for taking an unqualified opinion. There are no errors in financial reporting.

Table 4. Fornell Lacker

	Audit Switching	Auditor's Education	Audit Opinion	Professionalism
Audit Switching	0.834			
Auditor's Education	0.074	0.883		
Audit Opinion	0.391	0.512	0.875	
Professionalism	0.309	0.415	0.539	0.898

Source: Data processes by Smart PLS, 2023.

Table 4 shows that the Fornell-Larcker test states that if the AVE in the construct is higher than the construct's correlation with other variables, the cross-loading test must show a higher indicator value for each variable compared to indicators in other variables. **Table 4** above shows that the Fornell Lacker criterion, namely AVE, is greater than the correlation between variables. The auditor switching variable has an AVE of 0.834, greater than auditor education's correlation, 0.074. The correlation is more significant than audit opinion, 0.391, and greater than professionalism, 0.309. The auditor education variable has an AVE of 0.883, greater than the correlation between audit opinion and professionalism, 0.512 and 0.415. The audit opinion variable has an AVE of 0.875, greater than the professionalism correlation of 0.539. The professionalism variable has an AVE of 0.898.

Table 5. HTMT

	Audit Switching	Auditor's Education	Audit Opinion	Professionalism
Audit Switching				
Auditor's Education	0.120			
Auditor Opinion	0.428	0.619		
Professionalism	0.304	0.645	0.573	

Source: Data processes by Smart PLS, 2023



Table 5 shows that The recommended HTMT value is below 0.900. The test results show that the HTMT value is below 0.900 for the pair of variables, so discriminant validity is achieved. Based on table 5 shows that the values of all variables in the HTMT show below 0.900, then the validity of discrimination is reached.

Table 6. Cross Loading

	Auditor Switching	Auditor's Education	Audit Opinion	Professionalism
AS10	0.848	0.190	0.266	0.292
AS11	0.876	0.039	0.297	0.204
AS3	0.713	-0.013	0.354	0.258
AS4	0.824	0.076	0.303	0.212
AS8	0.896	0.049	0.378	0.308
AE7	0.074	0.867	0.421	0.474
AE8	0.058	0.900	0.481	0.434
OA10	0.271	0.248	0.711	0.348
OA4	0.374	0.485	0.855	0.468
OA7	0.324	0.485	0.946	0.529
OA8	0.389	0.510	0.965	0.517
PRO10	0.149	0.406	0.417	0.949
PRO11	0.120	0.515	0.373	0.845
PRO9	0.465	0.463	0.601	0.897

Source: Data processes by Smart PLS, 2023

Table 6 and **Figure 3** show that auditor education 7 and 8 have a higher correlation with the auditor education variables and a low correlation with the auditor switching variables, audit opinion, and professionalism. Professionalism 9, 10, and 11 have a higher correlation with the professionalism variable and a low correlation with the auditor education, audit opinion, and auditor switching variables.



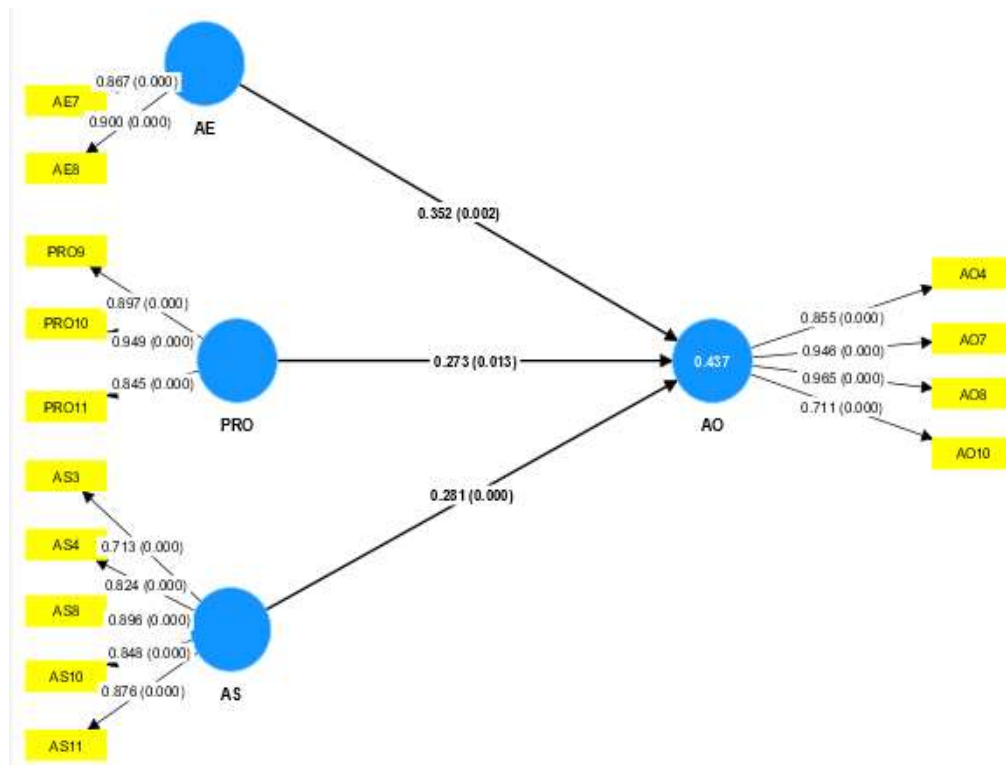


Figure 3. Algoritma Inner Model
 Source: Data processes by Smart PLS, 2023

Auditor switching variables 3, 4, 8, and 11 have a higher correlation with auditor switching variables and a low correlation with auditor education, professionalism, and audit opinion variables. Audit opinions 4, 7, 8, and 10 have a higher correlation with the audit opinion variable and a low correlation with the auditor's education, professionalism, and auditor switching variables.

InnerModel. Several component items are criteria for assessing the structural Model (inner Model), namely the value of F-Square and its Significance.

Multicollinearity Test. The inner VIF (variance inflated factor) value is less than 5, as shown in the inner VIF in **Table 7**.

Table 7. Inner VIF

	Audit Switching	Auditor's Education	Audit Opinion	Professionalism
Audit Switching			1.118	
Auditor Education			1.370	
Audit Opinion				1.506
Professionalism				

Source: Data processes by Smart PLS, 2023.

Table 7 shows that the value of auditor switching on audit opinion is less than 5, which is 1.118. Auditor education on audit opinion is less than 5, namely 1.370. Professionalism towards audit opinion is less than 5, namely 1.506. It can be concluded



that the level of multicollinearity between variables is low because all variable values are less than 5.

Table 8. Hypothesis Test

Hypothesis	Path Coefficient	P-Value	95per cent Interval of Path Coefficient		F Square
			Lower Limit	Upper Limit	
H1 Auditor's Education --more than Audit Opinion	0.352	0.002	0.107	0.556	0.160
H2 Professionalism --more than Audit Opinion	0.273	0.013	0.040	0.481	0.088
H3 Auditor Switching --more than Audit Opinion	0.281	0.000	0.127	0.429	0.125

Source: Data processes by Smart PLS, 2023

The first hypothesis (H1) is The Effect of an Auditor's Education on Audit Opinion. **Table 8** shows that the effect of an auditor's education on audit opinion is acceptable and significant; it can be seen that the path coefficient (0.352) and p-value (0.002 less than 0.050). In the 95 per cent interval, the effect of an auditor's education on audit opinion is between 0.107 and 0.556. Even so, the auditor's education taken by the auditor to increase the audit opinion has a moderate effect at the structural level (f square at 0.160).

The second hypothesis (H2) is The Effect of Professionalism on Audit Opinion. Based on **Table 8**, the effect of professionalism on audit opinion is acceptable and significant; it can be seen that the path coefficient (0.273) and p-value (0.013 less than 0.050). In the 95 per cent interval, the influence of professionalism on audit opinion lies between 0.040 and 0.481. Nevertheless, the professionalism possessed by the auditor to increase audit opinion has a low influence at the structural level (f square at 0.088).

The third hypothesis (H3) is the Effect of Auditor Switching on Audit Opinion. Based on **Table 8**, the effect of auditor switching on audit opinion is acceptable and significant; it can be seen that the path coefficient (0.281) and p-value (0.000 less than 0.005). In the 95 per cent interval, the influence of auditor switching on audit opinion lies between 0.127 and 0.429. Nonetheless, changing auditors to increase audit opinion has a moderate effect at the structural level (f square at 0.125).

DISCUSSION

Effect of Auditor's Education on Audit Opinion. Based on the first hypothesis (H1), auditor education positively and significantly affects acceptable audit opinion, as shown in **Table 8**. The hypothesis model in this study is that an auditor's education significantly affects audit opinion. Things that affect it for several reasons, such as the knowledge that the auditor acquires while getting an education, need to be fully understood, and the auditor needs to attend a lot of certified accounting and auditing training. Based on cases and research on the effect of an auditor's education on audit opinion, this statement can be stated as appropriate. This statement implies that the level of professionalism of an auditor has a significant influence on the accuracy of the audit opinion.



Some interpretations and implications of the statement involve (1) the Level of Accuracy of Audit Opinion. This statement emphasises that an auditor's professionalism level directly impacts the audit opinion's accuracy or correctness. High professionalism includes the auditor's ability to conduct audits to the highest standards, carry out the audit process carefully, and objectively assess the client's financial statements. (2) Integrity and Independence. An auditor's professionalism is often closely related to his integrity and independence. Auditors who behave professionally are expected to maintain their independence and not be influenced by external or internal pressures that could lead to information distortion or conflicts of interest. (3) Compliance with Professional Standards. Auditor professionalism also includes compliance with ethical and audit standards established by regulatory bodies and the accounting profession. Compliance with these standards helps ensure that applicable guidelines and regulations conduct the audit process. (4) Concern for Detail and Audit Evidence. A professional auditor will be careful in evaluating audit evidence and investigating any discrepancies or uncertainties that may arise during the audit process. Attention to detail helps ensure that the audit opinion is based on thorough analysis. (5) Confidence in Issuing an Opinion.

Auditor professionalism also includes communicating audit findings clearly and being confident in issuing an audit opinion. This is important to ensure stakeholders understand the company's financial state well. Thus, the statement emphasises that auditor professionalism is not just a formality but substantially impacts the quality and reliability of the audit opinion provided. Public trust and the integrity of financial markets depend significantly on the professionalism auditors use in carrying out their duties. (Putra et al., 2020) state that knowledge of accounting and auditing influences the accuracy of giving an audit opinion. Knowledge of accounting and auditing partially has a positive and significant effect on the accuracy of giving an audit opinion.

Effect of Professionalism on Audit Opinion. The second hypothesis (H2), professionalism influences audit opinion positively and significantly, is stated to be fulfilled, based on **Table 8**. The model hypothesis in this study is that professionalism has a significant effect on audit opinion. The Influence of Professionalism on Audit Opinion refers to the relationship between an auditor's professionalism level and the audit opinion on an entity's financial statements. In this context, "professionalism" refers to an auditor's attitude, knowledge, skills, integrity and work ethics: (1) Level of Compliance with Professional Standards. A professional auditor will comply with applicable audit standards. In this case, professionalism includes a deep understanding of audit standards and their careful application. (2) Integrity and Professional Ethics. Professionalism includes integrity and a high work ethic. A professional auditor will remain independent, objective, and honest when performing his duties. Public trust in audit opinions can be formed from the integrity demonstrated by the auditor. (3) Knowledge and Skills. Professionalism is also related to an auditor's level of knowledge and skills. An auditor who is qualified and continues to develop his knowledge will be able to provide a more accurate audit opinion. (4) Influence on Audit Opinion. The level of professionalism of an auditor can influence the audit opinion given. Suppose an auditor carries out his duties with a high level of professionalism. In that case, audit opinion will also reflect an objective and accurate evaluation of the financial statements of the entity being audited.

The importance of professionalism in audit opinions shows that good audit practices include applying correct audit methods and involve an auditor's ethical attitudes and behaviour. High professionalism can improve audit quality and stakeholder trust in the



financial information presented in financial reports. The influential thing is that the auditor accepts a client's invitation not to examine the financial statements as a whole; the auditor also often accepts a client's invitation to provide an Unqualified Opinion because the KAP has been examining financial statements for a long time. (Prasetyo et al., 2023) state that professionalism does not affect the accuracy of giving an audit opinion, meaning that professional or unprofessional can still provide an audit opinion. (Feriyanto et al., 2017) and (Cokorda, 2018) state that auditor professionalism significantly affects the accuracy of audit opinion.

Effect of Auditor Switching on Audit Opinion. The third hypothesis (H3) states that auditor switching affects audit opinion based on the data processing results, as shown in **Table 8**. There are two types of auditor turnover: mandatory turnover and voluntary turnover. It is continued that audit opinion significantly affects voluntary auditor switching. This statement can be interpreted to mean that even though an audit opinion has a significant negative value (for example, an audit opinion that notes concerns or uncertainties regarding a company's financial statements), this does not have a significant influence on the company's decision to change auditors (Syarif, 2018).

Some interpretations regarding this statement may involve the following considerations: (1) Negative Audit Opinion. If a company obtains an adverse audit opinion, this may include notes about uncertainties in the financial statements, weaknesses in internal controls, or nonconformities with accounting standards. This negative value can signal stakeholders a potential problem in the company's financial reporting. (2) Auditor Switching Not Affected. The statement implies that although the audit opinion has problems or uncertainties, the decision to switch to a new auditor is not significantly related to the audit opinion. Companies may have other reasons for changing auditors, such as the need to deal with changes in the scale of operations or changes in management. (3) Importance of Reasons for Changing Auditors. This statement highlights that other factors may be more dominant in the decision to switch auditors, such as relationship or communication problems with the previous auditor, changes in the company's needs, or changes in management policies. (4) Possible Additional Explanations. While the audit opinion may not be a major factor in the decision to change auditors, companies experiencing auditor switching may need to provide additional explanations to stakeholders to assuage any concerns or doubts that may arise due to the change. It is important to note that the interpretation of such statements may vary depending on the context. Various factors can influence a company's decision to switch auditors, and an audit opinion is just one of many possible considerations. Wardana (2019) states that audit opinion has a significant negative value and does not affect auditor switching.

CONCLUSION

Based on the discussion on the previous page, it can be concluded as follows: **First**, auditor education has a significant and positive effect on audit opinion. This auditor education can be in the major of accounting, auditing and tax education, with the addition of technical knowledge required in audit practice, especially training related to the work that is the auditor's responsibility, which is obtained by the auditor so that it becomes the basis for the auditor to carry out inspections and reviews of reports—client finances.



Second, auditor professionalism has a significant and positive effect on audit opinion. Auditors should maintain a very high professional attitude when producing audit opinions based on what is contained in the financial reports.

Third, auditor switching has a significant and positive effect on audit opinion. The fewer auditor changes, the better the audit opinion results because changing auditors may affect the opinion.

For further research, to obtain the best research that the author suggests:

In today's increasingly modern audit era, auditors must be equipped with audit knowledge by utilising information technology so that the auditor's opinion is made, not biased. Skills related to information technology can be used as a control variable for the audit opinion variable.

Professionalism among auditors must be increased because audit tasks in the future will become increasingly complex and risky for the auditor profession, especially with the increasing role of artificial intelligence in influencing much information needed to prepare financial statements.

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I know of no conflict of interest associated with this article/publication

