

The Effect of Auditor Switching, Audit Report Lag, and Profitability on Audit Opinion in Basic Material Sector Companies

Laureen Aurora Hummerson^{1*}, Catheryn Iona Nelson²

Program Studi Akuntansi, Fakultas Ilmu Sosial dan Humaniora, Universitas Bunda Mulia,
Jakarta, Indonesia^{1,2}

*Email Korespondensi: 11220045@student.ubm.ac.id

ARTICLE INFO

Article History:

Submitted 25-06-2026

Received 26-06-2026

Published 03-07-2026

Keywords:

Audit Opinion;

Auditor Switching;

Audit Report Lag;

Profitability;

Kata Kunci:

Opini Audit, Pergantian

Auditor, Audit Report Lag,

Profitabilitas

ABSTRACT

This study examines the effect of auditor switching, audit report lag, and profitability on audit opinion in Basic Material sector companies listed on the Indonesia Stock Exchange during 2022-2024. This study applied a quantitative causal approach using secondary data obtained from annual financial statements and independent auditor reports. Using purposive sampling, 64 companies and 192 firm-year observations were analyzed through logistic regression with SPSS. The results show that auditor switching has no significant effect on audit opinion, while audit report lag has a positive effect and profitability has a negative effect on audit opinion. These findings indicate that audit opinion is more closely associated with audit completion timeliness and financial performance than with auditor changes.

ABSTRAK

Penelitian ini menguji pengaruh *auditor switching*, *audit report lag*, dan profitabilitas terhadap opini audit pada perusahaan sektor Basic Material yang terdaftar di Bursa Efek Indonesia periode 2022-2024. Penelitian ini menggunakan pendekatan kuantitatif kausal dengan data sekunder dari laporan keuangan tahunan dan laporan auditor independen. Berdasarkan *purposive sampling*, diperoleh 64 perusahaan dengan 192 observasi dan dianalisis menggunakan regresi logistik SPSS. Hasil penelitian menunjukkan bahwa *auditor switching* tidak berpengaruh signifikan terhadap opini audit, sedangkan *audit report lag* berpengaruh positif dan profitabilitas berpengaruh negatif terhadap opini audit. Temuan ini menunjukkan bahwa opini audit lebih berkaitan dengan ketepatan waktu penyelesaian audit dan kinerja keuangan daripada pergantian auditor.

INTRODUCTION

Audited financial statements are a fundamental accountability instrument for public companies because they provide investors, creditors, regulators, and other stakeholders with information about financial position, performance, risks, and business prospects. In the capital market, the usefulness of financial statements depends on the completeness of accounting information added by independent audit. Audit opinion on the audited report therefore functions

as the auditor's professional communication regarding whether the financial statements are fairly presented in all material respects and are supported by sufficient appropriate audit evidence.

In financial reporting, audit opinion is an important element because it represents the independent auditor's professional assessment of whether a company's financial statements are fairly presented in accordance with applicable accounting standards (Fadhilla Ananda Putri, 2023). In the Basic Material sector, audit opinion becomes particularly relevant because companies in this sector generally have complex operations, substantial financing needs, and business activities closely related to the supply of raw materials for other industries (Rizal et al., 2022). These characteristics may increase audit risk and require auditors to evaluate asset valuation, impairment risk, debt repayment capacity, disclosure adequacy, and going concern issues more carefully. Therefore, audit opinion does not only function as the final result of the audit process, but also serves as an important signal for stakeholders in assessing financial reporting quality and business sustainability (Neyza & Susilowati, 2024).

The relevance of audit opinion in the Basic Material sector can be observed from the case of PT HK Metals Utama Tbk. In 2022, the company received a Disclaimer of Opinion because the auditor was unable to obtain sufficient and appropriate audit evidence and because there were indications of uncertainty regarding the company's going concern. At the same time, the company recorded a substantial loss, while several subsidiaries were no longer operating. However, in 2023 and 2024, the company received Unqualified Opinions along with improved financial performance. This phenomenon indicates that audit opinion may change when the company's financial condition improves and when the auditor obtains sufficient evidence to support the audit conclusion.

Another phenomenon can be seen in PT Argha Karya Prima Industry Tbk. In 2022, the company recorded net income and received an Unqualified Opinion. In 2023, the company experienced a decline in financial performance and recorded a net loss, while its audit opinion changed to an Unqualified Opinion with an emphasis paragraph. This change was allegedly related to the shift in the company's profit condition, as declining profitability may increase auditor attention to financial risk, business pressure, and matters that require additional emphasis in the audit report. The case shows that changes in profitability may become an important consideration in the auditor's evaluation, particularly in Basic Material companies that are exposed to raw material costs, exchange-rate movements, and operational complexity.

This study is grounded in agency theory. In public companies, shareholders as principals delegate managerial authority to management as agents. This separation of ownership and control creates the possibility of agency conflict and information asymmetry because management has more direct access to internal information than external users. Independent audit is therefore needed as a monitoring mechanism to reduce information asymmetry and strengthen the credibility of financial reporting (Jensen & Meckling, 1976).

The first explanatory variable is auditor switching. Auditor switching refers to the replacement of an auditor or Public Accounting Firm conducted by a company in the audit

process of financial statements (Feliciana & Breliastiti, 2025). Auditor switching may occur because of mandatory rotation, voluntary decisions, evaluation of audit quality, or the need to preserve auditor independence. However, it may also be perceived negatively when the market suspects that the change is related to opinion shopping or management's effort to obtain a more favorable audit opinion.

The second explanatory variable is audit report lag. Audit report lag is the number of days between the end of the fiscal year and the date of the independent auditor's report. This concept indicates the time required by the auditor to complete the examination of financial statements after the accounting period ends. Accordingly, audit report lag directly reflects the timeliness of audit completion; the shorter the audit report lag, the sooner audited financial statements become available for stakeholders (Anjani & Nelson, 2025).

The third explanatory variable is profitability. Profitability reflects the company's ability to generate earnings from the resources it controls. This study uses Return on Assets as the profitability proxy because it captures how effectively total assets are utilized to generate profit. Return on Assets reflects a company's ability to generate earnings through operating activities; a high Return on Assets indicates good performance in managing assets to obtain earnings (Saputra et al., 2023).

This study is motivated by the relevance of audit opinion in Basic Material sector companies and by the need to retest previous findings that still show inconsistent results. Prior studies on auditor switching indicate that auditor changes may be associated with audit opinion because a change in auditor can influence audit approach, client understanding, and auditor judgment. Regulated auditor rotation has been found to be associated with favorable audit reports (Lee et al., 2024). Auditor rotation has also been shown to affect audit opinion (Bulucea et al., 2022). However, these findings differ from prior research showing that auditor switching has no significant effect on audit opinion (Reza & Anisa, 2024). These inconsistent findings provide a basis for reexamining the effect of auditor switching on audit opinion in Basic Material sector companies listed on the Indonesia Stock Exchange.

Previous studies on audit report lag tend to show more consistent results. Audit report lag is relevant because a longer audit completion period may indicate audit complexity, difficulties in obtaining sufficient audit evidence, or the presence of issues requiring further auditor evaluation. Audit timeliness has been found to be related to audit outcomes (Nevhutanda, 2026). Audit timeliness has also been reported to affect audit opinion (Yiannoulis et al., 2025). In addition, audit delay has been found to have a significant effect on audit opinion (Reza & Anisa, 2024). These findings indicate that audit report lag is an important factor to examine because the time required to complete the audit may reflect the level of audit risk and may influence the type of audit opinion issued by the auditor.

Prior studies on profitability also show that financial performance may influence audit opinion. Profitability reflects the company's ability to generate earnings and maintain business continuity, making it an important consideration in the auditor's assessment of financial risk.

Financial performance has been found to influence audit opinion modification (Đorđević, 2025). Financial reporting and audit-related disclosures have also been associated with corporate conditions (Ali, 2024). Furthermore, Return on Assets has been found to have a significant effect on audit opinion (Sakunwong et al., 2025). These findings suggest that profitability is relevant in explaining audit opinion because companies with stronger profitability tend to have lower financial risk, while companies with weak profitability may require greater auditor attention.

Based on these previous studies, this research is expected to provide empirical evidence regarding the effect of auditor switching, audit report lag, and profitability on audit opinion in Basic Material sector companies listed on the Indonesia Stock Exchange during 2022–2024. This study also contributes to the auditing literature by examining audit opinion in a sector with complex operations, substantial financing needs, and exposure to raw material and exchange-rate risks. In practical terms, the findings are expected to provide useful information for companies, auditors, investors, and regulators in understanding the factors associated with audit opinion and in improving the quality and timeliness of audited financial reporting.

Based on the preceding arguments, this article examines whether auditor switching, audit report lag, and profitability affect audit opinion in Basic Material sector companies listed on the Indonesia Stock Exchange during 2022-2024. The hypotheses tested are:

- H1 : auditor switching affects audit opinion;
- H2 : audit report lag affects audit opinion; and
- H3 : profitability affects audit opinion.

RESEARCH METHOD

This study used a quantitative causal research design. The quantitative approach was selected because the variables were measured numerically and analyzed statistically, while the causal design was used to examine the effect of independent variables on a binary dependent variable. The dependent variable was audit opinion, while the independent variables were auditor switching, audit report lag, and profitability.

The research subjects were Basic Material sector companies listed on the Indonesia Stock Exchange during 2022-2024. The research objects were annual financial statements and independent auditor reports published through the Indonesia Stock Exchange website and the official websites of the sampled companies. The data used in this study were secondary data collected through documentation.

The population consisted of Basic Material sector companies listed on the Indonesia Stock Exchange. The sample was determined through purposive sampling using four criteria: companies listed in the Basic Material sector during 2022-2024, companies consistently issuing financial statements during the observation period, companies presenting financial statements in rupiah, and companies with complete data for audit opinion, auditor switching, audit report lag, and profitability.

Audit opinion was measured as a dummy variable, where 0 represented an unqualified opinion and 1 represented an opinion other than unqualified. Auditor switching was measured as a dummy variable, where 1 represented companies that changed their Public Accounting Firm and 0 represented companies that did not change their Public Accounting Firm. Audit report lag was measured as the difference between the date of the independent auditor's report and the fiscal year-end date. Profitability was measured using Return on Assets, calculated by dividing net income after tax by total assets and multiplying the result by 100 percent.

Table 1. Operational definition of variables

Variable	Measurement	Scale
Audit opinion (Y)	Dummy: 0 = unqualified opinion, 1 = opinion other than unqualified	Nominal
Auditor switching (X1)	Dummy: 1 = auditor switching, 0 = no auditor switching	Nominal
Audit report lag (X2)	Date of independent auditor's report - fiscal year-end date	Ratio
Profitability (X3)	(Net income after tax / total assets) x 100%	Ratio

Source: Data processed by the researcher, 2026.

The data were analyzed using descriptive statistics, multicollinearity testing, overall model fit testing, Hosmer and Lemeshow goodness of fit testing, coefficient of determination testing, classification matrix analysis, and logistic regression. Logistic regression was used because the dependent variable was binary. The research model is expressed as follows:

$$\ln \frac{p(OA)}{1 - p(OA)} = \alpha + \beta_1 AS + \beta_2 ARL + \beta_3 P + \varepsilon$$

With OA as Audit Opinion, AS as Auditor Switching, ARL as Audit Report Lag, and P as Profitability.

RESULTS AND DISCUSSION

Sample selection

The sample selection process began with 113 Basic Material sector companies recorded in January 2026. Eighteen companies were not consistently listed on the Indonesia Stock Exchange website during 2022-2024, eight companies did not consistently publish financial statements, and twenty-three companies did not present their financial statements in rupiah. After applying these criteria, the final sample consisted of 64 companies and 192 firm-year observations.

Table 2. Sample selection

No.	Criteria	Companies	Observations
1	Basic Material sector companies recorded on the IDX in January 2026	113	339
2	Companies not recorded on the IDX official website during 2022-2024	(18)	(54)

3	Companies recorded on the IDX official website during 2022-2024	95	285
4	Companies that did not issue financial statements during 2022-2024	(8)	(24)
5	Companies consistently issuing financial statements during 2022-2024	87	261
6	Companies not using rupiah in financial statements during 2022-2024	(23)	(69)
7	Companies using rupiah in financial statements during 2022-2024	64	192
8	Final sample	64	192

Source: Data processed by the researcher, 2026.

Descriptive statistics test

Table 3. Descriptive statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Audit opinion	192	0	1	0.18	0.383
Auditor switching	192	0	1	0.20	0.403
Audit report lag	192	40.0	279.0	84.839	19.5416
Profitability	192	-0.342507552	0.322662910	0.033075779	0.082690578
Valid N (listwise)	192				

Source: SPSS 26 output

Descriptive statistics show that this study used 192 firm-year observations from 64 Basic Material sector companies during 2022–2024. The audit opinion variable has a minimum value of 0 and a maximum value of 1, reflecting its dummy measurement. The mean value of 0.18 indicates that 18% of the observations received opinions other than an Unqualified Opinion, while the standard deviation of 0.383 shows moderate variation in audit opinion. Auditor switching also has a minimum value of 0 and a maximum value of 1. The mean value of 0.20 indicates that 20% of the observations involved a change of public accounting firm, while the standard deviation of 0.403 shows variation between companies that changed auditors and those that did not. Audit report lag has a minimum value of 40 days and a maximum value of 279 days. The mean value of 84.839 days indicates that companies needed approximately 85 days on average to complete the audit process. The standard deviation of 19.5416 shows that most audit completion periods were relatively close to the average. Profitability, measured by Return on Assets, has a minimum value of -0.3425 and a maximum value of 0.3226. The mean value of 0.03307 indicates that companies generated an average profit of 3.3% of total assets, while the standard deviation of 0.0827 shows that profitability varied across companies.

Multicollinearity test

Table 4. Collinearity statistics

Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
Constant	-0.054	0.114		-0.479	0.633		
Auditor switching	0.067	0.060	0.071	1.110	0.269	0.989	1.011

Audit report lag	0.003	0.001	0.170	2.593	0.010	0.939	1.065
Profitability	-1.932	0.301	-0.417	-6.412	0.000	0.947	1.056

Source: SPSS 26 output

Table 4 shows that all independent variables have tolerance values above 0.10 and Variance Inflation Factor (VIF) values below 10. Auditor switching has a tolerance of 0.989 and a VIF of 1.011; Audit Report Lag has a tolerance of 0.939 and a VIF of 1.065; Profitability has a tolerance of 0.947 and a VIF of 1.056. Thus, the research model does not exhibit multicollinearity symptoms, and all independent variables are suitable for use in logistic regression.

Overall model fit test

Table 5. Iteration history: block number 0

Iteration	-2 Log Likelihood	Constant
1	181.068	-1.292
2	179.314	-1.519
3	179.306	-1.536
4	179.306	-1.536

Source: SPSS 26 output

Table 6. Iteration history: block number 1

Iteration	-2 Log likelihood	Coefficients			
		Constant	Auditor switching	Audit report lag	Profitability
1	145.339	-2.217	0.268	0.013	-7.729
2	129.155	-3.467	0.461	0.024	-14.354
3	126.022	-4.613	0.544	0.036	-18.784
4	125.837	-5.002	0.556	0.040	-20.169
5	125.836	-5.027	0.557	0.040	-20.269
6	125.836	-5.027	0.557	0.040	-20.269

Source: SPSS 26 output

The overall model fit test compares the -2 Log Likelihood value in the initial model and the final model. In Table 5, the -2 Log Likelihood value of the model containing only the constant is 179.306. After auditor switching, audit report lag, and profitability are entered into the model, Table 6 shows that the -2 Log Likelihood value decreases to 125.836. This decrease indicates that the inclusion of independent variables improves the logistic regression model in explaining audit opinion.

Hosmer and Lemeshow goodness of fit test

Table 7. Hosmer and Lemeshow goodness of fit test

Step	Chi-square	df	Sig.
1	13.300	8	0.102

Source: SPSS 26 output.

Table 7 reports a significance value of 0.102. Since this value is greater than 0.05, the model is considered fit and appropriate for the data. This means that there is no significant difference between the observed data and the predicted model classification, so the logistic regression model can be used for further interpretation.

Coefficient of determination test

Table 8. Model summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	125.836 ^a	0.243	0.400

Source: SPSS 26 output.

Table 8 shows that the Nagelkerke R Square value is 0.400. This result indicates that auditor switching, audit report lag, and profitability explain 40 percent of the variation in audit opinion. The remaining 60 percent is explained by other variables outside the model, such as liquidity, leverage, company size, prior audit opinion, audit quality, or other audit and corporate governance factors not included in this study.

Classification matrix test

Table 9. Classification table

Observed audit opinion	Predicted unqualified	Predicted other than unqualified	Percentage correct
Unqualified opinion	155	3	98.1
Opinion other than unqualified	22	12	35.3
Overall percentage			87.0

Source: SPSS 26 output

Table 9 shows that the model correctly predicts 155 out of 158 observations with unqualified audit opinions, resulting in a prediction accuracy of 98.1 percent for this category. For audit opinions other than unqualified, the model correctly predicts 12 out of 34 observations, resulting in a prediction accuracy of 35.3 percent. The overall classification accuracy is 87.0 percent, indicating that the model has good overall predictive ability, although it is more accurate in classifying unqualified opinions than modified or non-unqualified opinions.

Logistic regression test and hypothesis testing

Table 10. Variables in the equation

Variable	B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Auditor switching	0.557	0.501	1.233	1	0.267	1.745	0.653	4.662
Audit report lag	0.040	0.019	4.422	1	0.035	1.041	1.003	1.081
Profitability	-20.269	4.269	22.545	1	0.000	0.000	0.000	0.000
Constant	-5.027	1.692	8.825	1	0.003	0.007		

Source: SPSS 26 output.

Based on Table 10, the logistic regression equation is:

$$\ln \frac{p(OA)}{1 - p(OA)} = -5,027 + 0,557AS + 0,040ARL - 20,269P + \varepsilon$$

The constant value of -5.027 indicates that, when all independent variables are zero, the log odds of receiving an audit opinion other than unqualified are relatively low. Auditor switching has a positive coefficient of 0.557 with an Exp(B) value of 1.745, but its significance value is 0.267. Audit report lag has a positive coefficient of 0.040 with an Exp(B) value of 1.041 and a significance value of 0.035. Profitability has a negative coefficient of -20.269 with a significance value of 0.000.

The hypothesis testing results indicate that H1 is rejected because auditor switching has a significance value of 0.267, which is greater than 0.05. H2 is accepted because audit report lag has a significance value of 0.035, which is lower than 0.05. H3 is accepted because profitability has a significance value of 0.000, which is lower than 0.05. These results show that audit report lag positively affects the likelihood of receiving an opinion other than unqualified, while profitability negatively affects that likelihood.

The effect of auditor switching on audit opinion

The research result indicates that auditor switching does not significantly affect audit opinion. Based on the logistic regression results in Table 10, the significance value of auditor switching is 0.267, which is greater than the 0.05 significance level. This means that auditor switching does not have a statistically significant effect on audit opinion. The coefficient of 0.557 is positive, and $\text{Exp}(B)$ is 1.745, suggesting that companies that switch auditors may have higher odds of receiving an opinion other than unqualified. However, because the probability value is not significant, this tendency cannot be generalized as an empirical effect in the sample. Therefore, the first hypothesis is rejected.

Auditor switching is the replacement of an auditor or Public Accounting Firm by a company in the audit process of financial statements (Feliciana & Breliastiti, 2025). Conceptually, auditor switching may be associated with independence, a fresh audit perspective, and a renewed monitoring relationship. Nevertheless, the empirical result of this study shows that auditor switching is not sufficient to determine the type of audit opinion received by Basic Material companies. A company that changes its auditor does not necessarily receive an opinion other than unqualified, while a company that retains the same auditor may still receive a non-unqualified opinion if material issues exist in its financial statements.

This result can be explained by the nature of audit opinion itself. Audit opinion is not issued based on the identity of the auditor alone, but on the auditor's evaluation of the fairness of the financial statements, the sufficiency and appropriateness of audit evidence, compliance with applicable financial reporting standards, and the existence of material misstatements or scope limitations. Therefore, even if a company appoints a new Public Accounting Firm, the auditor must still apply professional standards, obtain sufficient evidence, assess audit risk, and evaluate whether the financial statements are fairly presented. If the financial statements are materially fair, the new auditor may still issue an unqualified opinion.

From the agency theory perspective, auditor switching may be viewed as part of an external monitoring mechanism designed to preserve independence between auditors and management. Shareholders as principals rely on independent auditors to reduce information asymmetry and to evaluate reports prepared by management as agents. However, the monitoring function does not depend only on whether the auditor changes, but also on whether the auditor applies professional skepticism and audit procedures properly. This study therefore implies that the monitoring role of audit remains standardized even when the Public Accounting Firm changes.

The insignificance of auditor switching also indicates that not all auditor changes should be interpreted as opinion shopping. Auditor switching may occur because of mandatory rotation, audit fee considerations, corporate policy, service evaluation, or changes in the company's audit needs. As long as the incoming auditor maintains independence and performs the audit in accordance with professional standards, auditor switching will not automatically lead to a different audit opinion. This finding is consistent with research showing that auditor switching does not significantly affect audit opinion (Reza & Anisa, 2024). It differs from studies reporting a significant relationship between auditor rotation and audit opinion (Hoti & Edona, 2023).

The effect of audit report lag on audit opinion

The research result indicates that audit report lag has a positive effect on audit opinion. Based on Table 10, the significance value of audit report lag is 0.035, which is lower than the 0.05 significance level. This means that audit report lag significantly affects audit opinion. The regression coefficient is 0.040 and has a positive direction, while Exp(B) is 1.041. Since audit opinion other than unqualified is coded 1, the positive coefficient indicates that a longer audit report lag increases the probability that a company will receive an audit opinion other than unqualified. Therefore, the second hypothesis is accepted.

Audit report lag represents the period between the fiscal year-end date and the date of the independent auditor's report. This concept indicates the time required by the auditor to complete the examination of financial statements after the accounting period ends. As a result, audit report lag is a direct measure of audit completion timeliness; the shorter the audit report lag, the faster audited financial statements become available to stakeholders (Anjani & Nelson, 2025). In this study, the average audit report lag is 84.839 days, with a minimum of 40 days and a maximum of 279 days. This variation indicates that some companies required substantially longer audit completion periods than others.

The positive effect of audit report lag on audit opinion suggests that delays in audit completion may reflect greater audit complexity. In Basic Material companies, auditors may need additional time to examine inventories, fixed assets, mining-related assets, receivables, debt, impairment indicators, and disclosure adequacy. These accounts are often material and may require more extensive procedures. When auditors identify incomplete documentation, inconsistent evidence, complex transactions, or indications of financial distress, additional audit procedures are required before an opinion can be issued.

A longer audit report lag may also signal higher audit risk. Auditors cannot issue an opinion before obtaining sufficient and appropriate evidence. If the audit process reveals possible material misstatement, weaknesses in internal control, going concern uncertainty, or limitations in audit evidence, the auditor must extend testing, request additional documentation, and evaluate whether the issue affects the audit opinion. Consequently, audit report lag may become an empirical indicator that the audit process involved more extensive examination and that the company had a higher probability of receiving an opinion other than unqualified.

From the perspective of agency theory, a longer audit report lag extends the period of information asymmetry between management and external users. During the period before audited financial statements are issued, shareholders, creditors, and investors do not yet have independently verified information about the company's financial condition. This situation can create uncertainty and reduce the timeliness of decision-making. Therefore, audit report lag is not merely an administrative delay but also a governance issue related to the effectiveness of external monitoring.

The result of this study is consistent with previous findings that audit report lag affects audit opinion. Chi found that audit report lag significantly affects audit opinion (Chi, 2022). Pereira and Dantas found that audit delay has a positive effect on modified audit opinion (Pereira & Dantas, 2025). Srbinoska also found that report timeliness is associated with audit modifications (Srbinoska, 2022). In the context of this study, the result indicates that companies with longer audit completion periods are more likely to face audit issues that lead auditors to consider opinions other than unqualified.

The effect of profitability on audit opinion

The research result indicates that profitability has a negative effect on audit opinion. Based on Table 10, the significance value of profitability is 0.000, which is lower than the 0.05 significance level. This means that profitability significantly affects audit opinion. The regression coefficient is -20.269 and has a negative direction. Since audit opinion other than unqualified is coded 1, the negative coefficient indicates that higher profitability reduces the probability of receiving an audit opinion other than unqualified. Therefore, the third hypothesis is accepted.

Profitability in this study is measured using Return on Assets. Return on Assets reflects a company's ability to generate earnings through operating activities; a high Return on Assets indicates that a company has good performance in managing assets to obtain profits, as reflected in the level of earnings generated (Saputra et al., 2023). The descriptive statistics show that the average profitability of the sampled companies is 0.033075779, or approximately 3.31 percent. Although the average value is positive, the minimum value is negative, indicating that some companies experienced losses during the observation period.

The negative effect of profitability on audit opinion indicates that financially stronger companies are less likely to receive opinions other than unqualified. A company with higher profitability generally demonstrates better operational performance, more effective asset utilization, and stronger ability to meet obligations. These conditions reduce audit risk because the company is less likely to face serious financial pressure, uncertainty in asset recoverability, or going concern issues. Therefore, auditors may have a stronger basis for issuing an unqualified opinion when profitability is high and the financial statements are fairly presented.

In contrast, low or negative profitability increases the auditor's attention to financial risk. Companies with weak profitability may face operational pressure, declining cash flows, difficulty in meeting obligations, impairment risks, and uncertainty regarding business continuity. In such conditions, auditors must increase professional skepticism and assess whether the financial

statements contain adequate disclosures and whether the company's assets remain recoverable. If the financial pressure is material and not sufficiently addressed in the financial statements, the auditor may consider issuing an opinion other than unqualified.

From the agency theory perspective, profitability can be interpreted as an indicator of management's performance in managing the resources entrusted by shareholders. Principals expect managers to use company assets efficiently to generate returns. When profitability is high, management provides a positive signal about its ability to operate the company and maintain financial stability. When profitability is low, principals may question managerial effectiveness, and auditors may perceive greater risk that management has incentives to present the company's financial condition more favorably than it actually is.

This finding supports prior evidence that profitability is related to audit opinion. Jalil et al. found that profitability affects audit opinion in companies listed on the Indonesia Stock Exchange (Jalil et al., 2025). Simoes and Carvalho found that profitability negatively affects qualified audit opinion (Simões & Carvalho, 2024). Srbinoska found that profitability negatively affects audit modifications (Srbinoska, 2022). Thus, this study confirms that profitability is a relevant financial indicator in the auditor's evaluation of audit risk and opinion formulation in Basic Material sector companies.

CONCLUSION AND RECOMMENDATIONS

This study shows that audit opinion in Basic Material sector companies is more strongly associated with audit report lag and profitability than with auditor changes. The logistic regression results indicate that auditor switching does not significantly affect audit opinion, meaning that changing the Public Accounting Firm does not automatically determine whether a company receives an unqualified or non-unqualified opinion. This finding suggests that audit opinion is primarily based on the auditor's evaluation of financial statement fairness, adequacy of audit evidence, and compliance with applicable accounting standards, rather than merely on whether the auditor is newly appointed or retained.

The study also finds that audit report lag has a positive effect on audit opinion. This result indicates that the longer the audit completion period, the higher the probability that a company will receive an opinion other than unqualified. In the context of Basic Material companies, a longer audit report lag may reflect audit complexity, difficulties in obtaining sufficient audit evidence, unresolved accounting issues, or higher audit risk. Therefore, audit report lag can be understood as an important indicator of conditions that may influence the auditor's judgment in issuing an audit opinion.

Furthermore, profitability has a negative effect on audit opinion. This finding means that companies with higher profitability are less likely to receive opinions other than unqualified audit opinion. Higher profitability reflects better asset utilization, stronger operating performance, and lower financial pressure, which may reduce audit risk and support the issuance of an unqualified opinion. Conversely, weak or negative profitability may increase auditor attention to financial risk, asset recoverability, and going concern considerations. Overall, the research output confirms

that audit report lag and profitability are significant determinants of audit opinion, while auditor switching is not a significant factor in explaining audit opinion among Basic Material sector companies listed on the Indonesia Stock Exchange during 2022–2024.

Companies are advised to improve the quality of financial statement preparation, strengthen internal controls, prepare audit documents on time, and reduce audit completion delays. Companies should also maintain and improve profitability through efficient cost management and effective asset utilization because profitability is associated with a lower likelihood of receiving an opinion other than unqualified. Auditors and Public Accounting Firms are advised to improve audit planning, communicate documentation requirements early, and pay closer attention to companies with long audit report lag or low profitability because these conditions may indicate higher audit risk.

REFERENCES

- Ali, K. A. (2024). Factors Affecting the Level of Key Audit Matters Disclosure: Evidence from Jordan. *Jordan Journal of Business Administration*, 20(2). <https://doi.org/10.35516/jjba.v20i2.2008>
- Anjani, A., & Nelson, C. (2025). Pengaruh Leverage, Firm Size, Dan Audit Report Lag Terhadap Going Concern Audit Opinion. *Jurnal Akuntansi Dan Bisnis Indonesia (JABISI)*. <https://doi.org/10.55122/jabisi.v6i2.1872>
- Bulucea, M., Bunget, O. C., Dumitrescu, A. C., Burca, V., & Bogdan, O. (2022). Implications of Auditors` Rotation in Financial Audit Reporting. *Audit Financiar*, 20(167), 457–470. <https://doi.org/10.20869/AUDITF/2022/167/014>
- Chi, D. Q. (2022). Opinion Audit and Non-Financial Factors: Evidence from Vietnam. *VNU Journal Of Economics And Business*. <https://js.vnu.edu.vn/EAB/article/view/4493>
- Đorđević, M. (2025). To what extent does financial performance influence audit opinion modification in the Republic of Serbia? *BizInfo Blace*. <https://doi.org/10.71159/bizinfo250028D>
- Putri, F. A, T. D. A. (2023). Pengaruh Debt Default Dan Financial Distress Terhadap Opini Audit Going Concern Pada Perusahaan Manufaktur Yang Terdaftar Di BEI. *Balance Jurnal Akuntansi Dan Bisnis*, 8. <https://doi.org/https://doi.org/10.32502/jab.v8i2.7130>
- Felician, F., & Breliastiti, R. (2025). Determinan Auditor Switching Pada Perusahaan Infrastruktur Yang Terdaftar Di Bursa Efek Indonesia. *Substansi: Sumber Artikel Akuntansi Auditing Dan Keuangan Vokasi*, 9(1), 1–17. <https://doi.org/10.35837/subs.v9i1.3295>
- Hoti, A., & Edona, P. (2023). The interplay between auditor rotation and audit opinions: evidence from Republic of Kosovo. *Multidisciplinary Science Journal*, 6(4), 2024044. <https://doi.org/10.31893/multiscience.2024044>
- Jalil, F. Y., Meinarsih, T., Widyantini, D., & Andi, A. (2025). Factors Affecting Audit Opinions in Companies Listed on the Indonesia Stock Exchange. *Oikonomia : Journal of Management Economics and Accounting*, 2(2), 84–94. <https://doi.org/10.61942/oikonomia.v2i2.306>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)

- Lee, Gamble, G., Noland, T., & Zhao, Y. (2024). The Effects of Regulated Auditor Tenure on Opinion Shopping: Evidence from the Korean Market. *Journal of Risk and Financial Management*, 17(11), 503. <https://doi.org/10.3390/jrfm17110503>
- Nevhutanda, M. (2026). *Municipality Audit Outcomes and Their Determinants: A Systematic Review of the Literature* (pp. 539–553). https://doi.org/10.1007/978-3-032-13380-9_34
- Neyza, G. C., & Susilowati, E. (2024). Kualitas Audit Memediasi Audit Tenure dan Auditor Switching Terhadap Audit Report Lag. *Jambura Economic Education Journal*, 6(2), 350–366. <https://doi.org/10.37479/jeej.v6i2.24728>
- Pereira, V. A. dos S., & Dantas, J. A. (2025). Determinantes da opinião de auditoria em estatais brasileiras. *Revista Contabilidade & Finanças*, 36(97). <https://doi.org/10.1590/1808-057x20242055.pt>
- Reza, M., & Anisa, A. (2024). PENGARUH AUDIT FEE, AUDIT TENURE, AUDIT DELAY DAN AUDITOR SWITCHING TERHADAP PEMBERIAN OPINI AUDIT. *Jurnal Ilmiah Akuntansi*, 1(4), 10–15. <https://doi.org/10.69714/r3ayem90>
- Rizal, M., Hidayat, T., & Wahyudi, A. (2022). The Influence of Capital Expenditure, Corporate Hedging, and Good Corporate Governance on Firm Value in Oil and Gas Sub-Sector Mining Companies on the IDX Period 2018–2020. *International Journal of Economic, Technology and Social Sciences (Injects)*, 3(1), 263–275. <https://doi.org/10.53695/injects.v3i1.795>
- Sakunwong, K., Kaewsri, G., Pornpitak, S., Mearoh, T., Srirama, T., & Saikhwan, P. (2025). Financial Performance and Auditing Factors Affecting the Form of Audit Opinions of Listed Companies on the Stock Exchange of Thailand. *Journal of Management Sciences, Songkhla Rajabhat University*. <https://so06.tci-thaijo.org/index.php/mgt-skru/article/view/279329>
- Saputra, W. S., Yuliman, A. B., & Lesmana W, B. C. (2023). Profitability, financial leverage, size, dan underpricing stock price. *AKURASI: Jurnal Riset Akuntansi Dan Keuangan*, 5(1), 63–72. <https://doi.org/10.36407/akurasi.v5i1.740>
- Simões, M. de F., & Carvalho, C. (2024). Determinants of Qualified Audit Opinion: Empirical Study of Portuguese Private Sector Hospitals. *Journal of Risk and Financial Management*, 17(12), 571. <https://doi.org/10.3390/jrfm17120571>
- Srbinoska, D. S. (2022). Audit modifications in emerging markets: The Macedonian Stock Exchange. *Romanian Journal of Economics*. <http://www.revecon.ro/articles/2022-2/2022-2-3.pdf>
- Yiannoulis, Y., Vortelinos, D., & Passas, I. (2025). Exploring Audit Opinions: A Deep Dive into Ratios and Fraud Variables in the Athens Exchange. *Accounting and Auditing*, 1(1), 3. <https://doi.org/10.3390/accountaudit1010003>