

The effect of audit opinion, financial distress, client size, management turn and KAP size on auditor switching

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ABSTRACT

The issue of Auditor Independence, the most frequently, makes the debate of auditor rotation. This auditor rotation is related to the company activity for doing auditor switching. Some previous studies showed that switching auditors leads to the various result and it needs to hold rediscovery and to verify the theory of auditor switching. The study Aimed to test empirically the auditor opinion, financial distress, the client company size, management turnover, and KAP size toward auditor switching on manufacturing companies listed on the Indonesian Stock Exchange (BEI) in 2010 until 2014. The study is an explanatory quantitative research with purposive sampling technique for the collection of data. The 39 manufacturing companies used as a sample. The study used SPSS Application with 18 version and regression logistics to test the hypothesis because the independent variable is the combination between metric and non-metric. The result of the study showed that the independent variable of audit opinion has an effect on auditor switching. Financial distress, the client company size, management turnover and the firm size do not affect the auditor switching.

ABSTRAK

Persoalan Auditor Independence, yang paling sering, membuat perdebatan rotasi auditor. Rotasi auditor ini terkait dengan aktivitas perusahaan untuk melakukan auditor switching. Beberapa penelitian sebelumnya menunjukkan bahwa auditor switching mengarah ke berbagai hasil dan perlu penemuan kembali untuk memverifikasi teori auditor switching. Penelitian ini bertujuan untuk menguji secara empiris opini auditor, financial distress, ukuran perusahaan klien, perputaran manajemen, dan ukuran KAP terhadap auditor switching pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada tahun 2010 sampai dengan tahun 2014. Penelitian ini merupakan penelitian explanatory kuantitatif dengan teknik purposive sampling untuk pengumpulan data. Sebanyak 39 perusahaan manufaktur dijadikan sampel. Penelitian ini menggunakan SPSS Application versi 18.0 dan regresi logistik untuk menguji hipotesis karena variabel independen adalah kombinasi antara metrik dan non-metrik. Hasil penelitian menunjukkan bahwa variabel independen opini auditor berpengaruh terhadap auditor switching. Kelemahan keuangan, ukuran perusahaan klien, perputaran manajemen dan ukuran perusahaan tidak mempengaruhi auditor switching.

1. INTRODUCTION

The financial report is the basis for the users of financial report for making the decision. The financial report required by the parties is concerned with the economic performance and the success of companies such as owners, managers, shareholders, investors, creditors, and other parties, Reeve et al. (2011: 04). Therefore, the management company,

primarily for the go public ones, should be responsible for presenting financial report reasonable and certifying the financial report reported to Bapepam-LK.

The obligation to submit financial report has been determined by the Indonesian Government Regulation No. 24 of 1998 in the annual financial information company. It is amended by the Indo-

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nesian Government Regulation No. 64 of 1999 concerning amendments to the Government Regulation No. 24 of 1998 which was then revised by the Decree of the Minister of Industry and Trade Republic of Indonesia Number 121/MPP/Kep/2/2002 concerning the provision submission of annual financial statements of the company. Article 2 (1) Every company with the status of head office, domiciled and conducting its business activities in the Republic of Indonesia is obliged to submit the company's annual financial report to the Directorate of Business Development and Corporate Registration.

The main financial report for individual companies is the report of income, changes in equity, financial position, and cash flow (Warren, et al. 2016: 16). The financial statements will be examined by independent auditors. These independent auditors are required to be of integrity, objectivity and independence in accordance with the Public Accountants Professional Standards (IICPA 2011).

To prevent the loss of the auditors' independence, the government regulates the obligation of rotation of auditors (Aprilia Ekka 2013) so that the auditor and the client emotionally and create a crisis that affects the independence and quality of work of auditors competency. So with the old relationship make auditors more in favor of the interests of the company's management of the public interest.

The auditor's independence case in other countries begin to be doubtful after the case of Enron in December 2001 where the firm led by Arthur Andersen violated professional ethics of public accountants to audit the financial statements do not fit the facts, destroying Enron documents for Enron bankruptcy investigation. Santoso (2002) stated that Enron bankruptcy is one of them because the firm of Arthur Anderson provides two services simultaneously, i.e. as an auditor and business consultant. From this case, the United States government issued Investor Protection Act, the Auditor Reform and Transparency in 2002 called The Sarbanes-Oxley Act (SOX), which established the Supervisory Board of the Public Company Accounting (Public Company Accounting Oversight Board-PCAOB) to regulate the obligations auditor switching. The purpose of SOX is to maintain a strong internal return and effectively to the financial report to restore confidence and public trust in the company's financial report.

Meanwhile, the case of auditor independence in Indonesia can attract attention e.g., the case of an

audit of PT. Telkom. In the cases involving KAP "Eddy Pianto and Partners", the audited financial report of PT. Telkom listed in the US stock market was rejected by the Securities and Exchange Commission (SEC) that authorities in the US capital markets. As a result requires PT. Telkom made a re-audit with another accounting firm. According with Alim et al. (2007), it could have been related to the competence and independence of the auditor is still doubted by the SEC, where competence and independence are two characteristics at once to be possessed by the auditor.

In Indonesia also required companies to rotate auditors with the issuance regulation the Ministry of Finance Decree No. 423/KMK.06/2002 as amended by the Decree of the Minister of Finance No. 359/KMK.06/2003 which was then set back public accounting firm with the issuance of Ministry of Finance No. 17/PMK.01/2008 of limiting the provision of services that the firm provides services not later than six (6) consecutive fiscal years and by a public accountant no later than 3 (three) consecutive fiscal years of the most recent and enactment the government of the Republic of Indonesia number 20/2015 about Public Accounting Practice which negates the rotation KAP and in Article (11) the provision of services of audit of historical financial information referred to in Article 10 paragraph (1) letter a to an entity by a Public Accountant longest restricted to five (5) consecutive fiscal year. With the government regulations the auditor independence and reliability can be maintained.

Auditor switching is the turn of the public accounting firm that carried out by the company (client) in the provision of audits of financial statements. Auditor Switching can occur because there are regulations or regulations that require companies to rotate KAP (mandatory) and also because of the desire of company which made the turn voluntarily outside the regulations (Wea and Murdiawati 2015)

If you do mandatory means companies do switching auditors for their regulations, otherwise if done voluntary then the turn of the auditors do not because of the regulations that are required, the company did a lot of consideration before making a decision to carry out switching voluntary auditors. This is because if the companies often do voluntary switching auditors will only hurt the company itself Company made switching auditors voluntary (Aprilia 2013).

Audit opinion affect the auditor switching, as it is an evidence in the research by Hudaib and Cooke (2005), Hermawan and Fitriany (2013). They

stated that if the auditor did not give an unqualified opinion (not the company's expectations), the company would tend to move the firm that may provide an opinion in accordance with the company expected. Research (Wijayani and Januarti 2011) and (Juliantari and Rasmini 2013) argues audit opinion did not affect the auditor switching.

Financial distress affects the auditor switching, as is evident in the research Hudaib and Cooke (2005), Sinarwati (2010), Hermawan and Fitriany (2013). Sinarwati (2010) stated that uncertainties in business enterprises that are threatened with bankruptcy (having financial difficulties) encourage companies to make the turn auditor. While Wijayani and Januarti (2011), Pratitis (2012), Aprilia (2013), Priambardi and Haryanto (2014) concluded financial distress negatively affect the auditor switching.

Client company size affects the auditor switching, as is it evident in the research by Nasser et.al. (2005), Juliantari and Rasmini (2013), states that small companies with total assets which tend to move to accounting of a non big four firms, while large companies with total assets will move to the accounting firm of big four as auditor. The size of the client company does not affect the auditor switching in Wijayani research and Januarti (2011), Pratitis (2012), Priambardi and Haryanto (2014).

Management changes affect the auditor switching, as is evident in the research Hudaib and Cooke (2005), Wijayani and Januarti (2011), Hermawan and Fitriany (2013), Priambardi and Haryanto (2014) that the change of management is also accompanied by changes in the company's policy in selecting KAP. While research of Aprilia (2013), Juliantari and Rasmini (2013), the change does not affect management. the auditor switching

Firm size affect the auditor switching, as is evident in the research Nasser et.al. (2006), Wijayani and Januarti (2011), Pratitis (2012), Aprilia (2013), Juliantari and Rasmini (2013) states that companies that do not use the services of the firm big four have a chance of auditor switching KAP big four have a high quality so companies of high reputation who owned accounting firm big four produce a positive reaction from investors. Yet, the firm size does not affect the auditor switching proven by research Priambardi and Haryanto (2014).

Differences in the results of the study lead the researcher to re-examine the effect of audit opinion, financial distress, client size, management turn and KAP size on the auditor switching. This research is interested in examining the company's manufacturing sector because of the company's manufacturing sector has a number of companies listed highest on

the Stock Exchange that the company's manufacturing sector can represent all the companies that go public as samples in this research.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Agency Theory

Wijayani and Januarti (2011) stated the agency problem caused by the conflict of interest and information asymmetry between principle and agent. The conflict occurs because of the possibility of the agent does not always act in accordance with the interests of the principal and lead agency costs (agency cost). In the agency theory, the independent auditor acts as an intermediate agent and the principle that different interests. Independent auditor also serves to reduce agency costs arising from self-interested behavior by the agent (manager). Thus, to prevent the loss of independence of auditors, the government regulates the obligation of auditor rotation.

Agency theory assumes that all individuals acting on their own business. *Principal* assumed to be only interested in making financial earned from their company investments, while the *agent* is assumed to receive the satisfaction not only of financial compensation, but also of the additional engage in an agency, such as deciding to do *auditor switching* because of their disagreement over accounting practices certain, then the *agent* will move to auditors who may agree with the *agent*.

Related audit opinion with agency theory is the duty of the auditor as an independent third party to resolve the conflict between the *agent* and the *principal* to provide an opinion on the fairness of the financial statements. Agency theory assumes that all individuals act for themselves (*self interest*). If the opinion given by the auditor is not in accordance with the desire of the manager, to overcome the existing problems within the company then the manager feels the need to do *auditor switching*.

Associated *Financial distress* with the costs of agency theory is *agent* determined by the *principal* of the numbers of activities undertaken in the audited financial statements. High monitoring costs will affect company does not perform *switching auditors* because if you do the *switching auditors* costs *agent* will also be higher.

Related to the size of the client company with the agency theory is that when companies increase the size of the company, increasing the difficulty the owner to monitor what is done by the manager as *agent* and *principal* so that the management acting as the *agent* will tend to choose auditors who

have high quality because they are able to bridge the needs of *agent* and *principal*,

The factor related to management changes with agency theory that is the conflict between *shareholders* and management that lead to perpetration of the turn of the new management conducted by the principals. They want the new management to support the wishes of the *shareholders* in which the new management will generally apply new accounting methods.

Related to firm size with agency theory is the auditor as an independent third party to resolve the conflict between the *agent* and *principal*. The company will choose affiliated KAP *big four* KAP because of better quality and have high credibility then the auditor can retain its independence so that it can improve the quality of the reliability of the financial report and the company's reputation in the eyes of users of financial report. Investors (*principal*) see accounting information generated by the management companies tend to trust the results of the auditors who have a good reputation that KAP included in *the big four*.

Based on the description, that agency theory is a theory that discusses the differences of interest between the *agent* and the *principal*. Such differences arise when the information provided *the agent* does not correspond to that desired by the principal, *the agent* and the *principal* are equally concerned with private interests so as to provide the financial information required third party that is independent auditors as a mediator to resolve differences of interest so that information is not harmful to the *agent* or *principal*.

Auditing

According to Agoes (2012: 4) understanding of *auditing* is a check made to critically and systematically by a party independent of the financial report which has been prepared by the Management along with the copy of records and the supporting evidences, in order to be able to give an opinion regarding the fairness those reports.

Auditor

According to Tuannakotta (2015: 10) public accountant or auditor is someone who has obtained a license to provide services as set out in the legislation. Under the law public accountants providing *Insurance services*, which include:

1. Audit Service of historical financial information
2. Review service the historical financial information and
3. Another insurance service.

According to Elder et al. (2013) the following types of the most common auditor:

- a. Public Accounting Firm
Public accounting firms are responsible for auditing the historical financial statements published by all publicly listed companies, most companies as well as smaller non-commercial organizations.
- b. Government Internal Auditor
Internal Auditor government is the auditor who works for the Financial and Development Supervisory Agency (BPK), in order to serve the needs of government.
- c. Auditors Audit Agency
Auditors Board of Audit is the auditor who works for the State Audit Board (BPK) of the Republic of Indonesia, the body established by the Indonesian constitution.
- d. Auditor Tax
Directorate General (DG) is responsible for enacting tax regulations. In addition, one of the main responsibilities is to audit tax returns and the Dikjen taxpayer determines whether the SPT is already complied with the applicable tax regulation.
- e. Internal Auditor
The internal auditor is employed by the company to conduct an audit of the management, as the BPK audit the Parliament.

Audit Rotation

The auditor rotation is set by the Indonesian government in the Minister of Finance of the Republic of Indonesia Number 17/PMK.01/2008 on Services. Public Accounting Limitations on the duration of the engagement is considered necessary, for a long period of engagement can lead auditor excessive familial relationships. This relationship could threaten the loss of quality and competence of auditors when evaluating audit evidence (Juliantari and Rasmini 2013).

Auditor Switching

Auditor Switching is the turn of the public accounting firm or auditor performed by the client company (Wea and Murdiawati 2015).

Auditor switching can be influenced by several factors, among others: the audit opinion, the change of management, firm size, and the size of the client company. Clients would want their financial statements received an unqualified opinion (WTP) of KAP, because WTP opinion on the financial statements will affect the investment decision making external parties (Juliantari and Rasmini

2013).

Two factors that may affect the client to replace its auditor, namely: auditor factor for quality and fees, while the client factors are the changes in ownership, financial difficulties, the IPO (*Initial Public Offering*), and the management fail (Mardiyah 2002).

Audit Opinion

Audit opinion is issued by the auditor's opinion, whether the company can establish a company in the future (*Going Concern*) (Santoso and Wedari 2007).

Here are some opinions of accountants according to Agoes (2012: 75).

1. Unqualified opinion.

Unqualified opinion is given if the auditor did not find any material error on the deviation of SAK/ETAP/IFRS.

2. Unqualified opinion with an explanation discussed.

This opinion is given if there are specific circumstances that require the auditor add an explanatory paragraph in the auditor's report.

3. Opinion by exception.

The auditors should meet the following conditions: The lack of sufficient competent evidence or restrictions on the scope of the audit and the auditors believe on the basis of the audit, the financial statements contain a deviation from SAK/ETAP/IFRS, which have a material impact.

4. Unnatural opinion

Opinion is not reasonable given the auditor because according to the auditor's judgment, these financial reports are not presented fairly in accordance with GAAP/ETAP/IFRS.

5. The statement did not give an opinion.

If the auditor does not express an opinion on the audited financial statements, the audit report is called a report without opinion (*no opinion report*).

Financial Distress

Financial Distress occurs before the bankruptcy. The model of financial distress needs developing because by knowing the company's financial distress early is necessary. It is expected to anticipate the conditions that lead to bankruptcy (Almilia and Kristiadji 2003).

Priambardi and Haryanto (2014) companies are threatened with bankruptcy with more frequent change of auditors because they are in an unstable condition in a business that usually auditor will

issue opinions. The opinions are according to the companies' circumstances in experiencing the financial difficulties.

Auditors tend to improve the evaluation of subjectivity and the precautionary principle. Precaution, in case of the company's financial position, is not healthy, it can make the companies tend to retain and bind to the former auditors in order to maintain the trust of shareholders and investors.

Client Company Size

Company size client is a scale that classifies the size of companies that deal with financial companies. KAP size should match the size of the client company (Juliantari and Rasmini 2013).

Hudaib and Cooke (2005) stated that the company's larger clients are due to the complexity of operations and they increase the separation between management and ownership. It is highly demanded for an independent audit firm to reduce agency costs. Thus, it can be a threat of personal interests. In addition, because of the size of the client company increased allowing the number of conflicts has also increased, these agents may increase the demand for quality auditors that large audit firms (Big Four).

Substitution of the Management

Damayanti and Sudarma (2008) stated that the change of management is the turn of the directors of the company that can be caused by a decision general meeting of shareholders or directors quit because of his own volition.

KAP Size

Public accounting firm (KAP) is an institution that has a license from the minister of finance as a conduit for public accountants in their work (Juliantari and Rasmini 2013).

Firm size is the size of the firm divided into two groups, namely a large KAP (KAP affiliated with the Big Four) and a small KAP (KAP which is not affiliated with the Big Four) (Aprilia 2013).

Elder (2013) described that big four firm size is as follows:

1. Delloite Touche Thomatsu (Delloitte) affiliated with Osman Bing Satrio & Partners.
2. Global ernt & Young (EY) affiliated with Purwanto, Sarwoko & Sandjaja and Purwanto, Suherman & Surja.
3. Price water house Coopers (PwC), which is affiliated with Haryanto Sahari & Partners and Tanudiredja, Wibisana & Partners.
4. Klyveld Peat Marwick Goerdeler (KPMG),

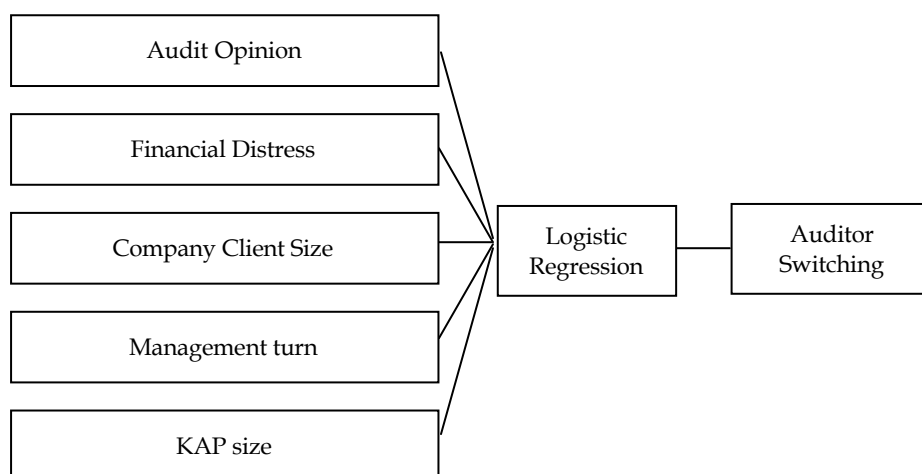


Figure 1
Research Conceptual Framework

which is affiliated with Sidharta & Wijaya.

KAP large (*BigFour*) have a better ability to conduct audits than smaller KAP(*Non Big Four*), so as to produce a higher quality auditing and companies tend to switch from small (*non-Big Four*) to a large accounting firm (*Big Four*). KAP usually have a high reputation in the business environment so that they will always try to maintain independence.

Hypothesis Development

Based on conceptual framework in Figure 1, the hypothesis are:

Audit Opinion Relationship of Auditor Switching

According Wijayani and Juniarti (2011) that the opinion *qualified* is likely to be less favored by the clients. Management of the company will replace its auditor because they give an audit opinion which is not expected on the company's financial report and the auditor will seek easier. Arsih (2015), in her study, also states that the audit opinion *going concern* will have a significant effect on the *Auditor Switching*.

H1: Audit opinion significantly affects the auditor switching.

Relationship between Financial Distresses and Auditor Switching

Sinarwati (2010) stated that the bankrupt company more often moves to the KAP of the company that is bankrupt. Uncertainty in the business to firms which are threatened with bankruptcy (having financial difficulties) will create a condition that may encourage the companies to move to another KAP. Significantly, it affects the company's financial difficulties being threatened by a bankruptcy and therefore, they move to another KAP.

H2: Financial distress has a positive effect on the auditor switching.

Relationship between Client Size Auditor Switching

Total assets owned by a company show the size of the company. The greater the total assets of a company indicate that the company is large and vice versa. Clients with small total assets is likely to shift to KAP is not considered as the *Big 4*, while large companies with total assets still choose KAP *Big 4* as its auditor reflects the suitability of size between the Firm and its clients (Wea and Murdiawati 2015).

H3: Size Client has a positive effect on the auditor switching.

Relations between Substitution Management and Auditor Switching

Agency conflict between business owners and management often makes the owners of the company took to the decision to make management changes are accompanied by changes in company policy included in the selection of the firm, which the Company will seek KAP that is consistent with the accounting for and reporting policy (Endina and Sudarno 2012).

H4: Management Substitution has a positive effect on the auditor's switching.

Relationship between Firm Size and Auditor Switching

The existence of expertise in the service of a large accounting firm will determine the change in auditors by the company. Therefore, the company would prefer a large accounting firm. KAPs are considered better able to maintain the indepen-

dence of auditors as compared to small KAP, because they have experience in providing a range of services to clients in large numbers so that they do not rely on a specific client (Priambardi and Harryanto 2014).

H5: Size KAP negatively affects the auditor switching.

3. RESEARCH METHOD

Research Approach

This study uses a quantitative and explanatory research that describes the relationship between research variables through hypothesis testing.

Population and Sampling Techniques

The population is 126 go-public manufacturing companies, listed on the Indonesia Stock Exchange in the period 2010 to 2014. The sampling technique in this research is a purposive sampling with the sample criteria that include:

1. Manufacturing companies that went public and was listed on the Indonesia Stock Exchange in 2010-2014, respectively.
2. Manufacturing companies that publish financial statements and independent auditors' report for 2010-2014.
3. Manufacturing companies that have done the displacement of KAP during the period 2010-2014.

From sampling techniques above, the numbers of samples obtained are 39 manufacturers of 126 manufacturing companies that have gone public and were listed on the Indonesia Stock Exchange in the period 2010 to 2014.

Data Collection Methods

Data sources of this research are secondary data from the annual financial statements and independent auditor's report manufacturing company go public and listed on the Indonesia Stock Exchange period 2010 to 2014 that was obtained directly from the website of the Indonesia Stock Exchange (www.idx.co.id)

Data collection technique and instruments that used is the documentation of the sources used that the financial statements of companies sampled and the research literature.

Operational Definition and Variable Measure Auditor Switching

Auditor switching in this research is the turn of the public accounting firm that performed by the client company either voluntary or mandatory. Auditor switching measured uses variable, a dummy if

companies do auditor switching coded 1 and if it does not perform switching auditors were coded as 0 (Aprilia 2013).

Audit opinion

Audit opinion in this research is to express an opinion given by the auditor in assessing the fairness of the agreement the company's financial reports are audited. The audit opinion is measured uses variable, a dummy if the client company receiving an unqualified opinion other than it was coded 1 and if they receive an unqualified opinion given the code 0.

Financial Distress

Financial Distress in this research is the condition where the company is experiencing financial difficulties. Financial distress was measured using the ratio of DER (Debt to Equity Ratio). As for how it's calculated as follows:

$$DER = \frac{\text{Total Debt}}{\text{Total Capital}} \quad (1)$$

(Wijayani and Januarti 2011).

Client Company Size

The size of client companies in this research is the size of a company by measuring total assets. The greater of the total assets of a company then demonstrated that the size of the company and vice versa if the smaller the total assets of a company then showed that company size is small. The size of the client company is measured using a calculation of the natural logarithm (\ln) of the total assets of the company (Nasser et al. 2006).

Management Change

Management change this research is the turn of the directors of the company conducted through the decisions in a general meeting of shareholders or directors quit on their own. Management change is measured using dummy variables. If a change of directors then coded 1. Meanwhile, if there is no change of directors then it is coded 0.

Firm Size

Firm size in this research is the size of firm size that can be seen by the firm that is affiliated with the big four and the firm not affiliated with the big four, Firm size was measured by using a dummy variable, if the companies audited by the accounting firm Big Four then coded 1 and if it is not audited by accounting firm Big Four then coded 0.

Data Analysis Method

Method of data analysis in this research uses logis-

Table 1
Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
SWITCH	195	0	1		35,478
OPINION	195	0	1		37,485
FIDIS	195	-30.60	27.98	1.87	5.14
SIZE	195	17.61	31.17	26.28	2.83
CHANGE	195	0	1		19,393
NBFOUR	195	0	1		15362
Valid N	195				

Source: SPSS Output.

Table 2
Coefficient of Determination

Nagelkerke R Square	Cox & Snell R Square	-2 log likelihood	Step
.051	.037	244.779 ^a	1

Source: SPSS Output.

Table 3
Regression Model Feasibility

Hosmer and Lemeshow Test

Step	Df	Chi-square	Step
.114	8	12.933	1

Source: SPSS Output.

Table 4
Test of Multicollinearity

Correlation Matrix

	Constant	OPINI	FIDIS	SIZE	CHANGE	NBFOUR
Step 1 Constant	1.000	-.130	-.057	-.988	-.118	-.004
OPNI	-.130	1.000	-.062	.043	.007	.048
FIDIS	-.057	-.062	1.000	.028	-.017	.022
SIZE	-.988	.043	.028	1.000	.072	-.040
CHANGE	-.118	.007	-.017	.072	1.000	-.090
NBFOUR	-.004	.048	.022	-.040	-.090	1.000

Source: SPSS Output.

tic regression analysis because the dependent variable is the data, which uses a dummy variable (Ghozali 2011).

The regression model in this study is:

$$SWITCHT = a + \beta_1 OPINION + \beta_2 FIDIS + \beta_3 SIZE + \beta_4 CHANGE + \beta_5 NBFOUR + e \quad (2)$$

4. DATA ANALYSIS AND DISCUSSION

The hypotheses in this research are tested using logistic regression model (logistic regression) to analyze variable auditors switching and management changes.

Descriptive Analysis

In Table 1 shows the descriptive statistics of each variable with SPSS Ver.18, analysis result using descriptive statistics on the variables auditor switching (SWITCH) indicates the minimum value of 0, the maximum value of 1 with a mean of 0.35

and standard deviation of 0.478. Result of analysis using descriptive statistics on the variables of audit opinion (OPINION) indicates a minimum value of 0, the maximum value of 1 with a mean of 0.37 and a standard deviation of 0.485. Result of analysis using descriptive statistics on the variables of financial distress (FIDIS) indicates the minimum value of -30.6000, the maximum value of 27.9770, the mean of 1.866967 and the standard deviation of 5.1376195. Result of analysis using descriptive statistics to variable client company size (SIZE) indicates the minimum value of 17.6082, 31.1666 to the maximum value of the standard deviation of the mean 26.275150 and 2.8330025. Result of analysis using descriptive statistics to management turnover variable (CHANGE) indicates the minimum value of 0, the maximum value of 1 with a mean of 0.19 and standard deviation of 0.393. Result of analysis

Table 5
Matrix of Classification

Classification Table A

Classification Table A					
Observed			Predicted		
			SWITCH		Percentage Correct
			0	1	
Step 1	SWITCH	0	124	3	97.6
		1	61	7	10.3
	Overall Percentage				67.2

Source: SPSS Output.

Table 6
Logistic Regression Model

Variables in the Equation		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1a	OPINION	.734	.312	5.536	1	.019	2.082
	FIDIS	-.037	.033	1.292	1	.256	.963
	SIZE	.020	.056	.125	1	.724	1.020
	CHANGE	.192	.388	.244	1	.621	1.211
	NBFOUR	-.242	.440	.302	1	.583	.785
	Constant	-1.371	1.492	.844	1	.358	.254

Source: SPSS Output.

using descriptive statistics on the variables firm size (NBFOUR) indicates the minimum value of 0, the maximum value of 1 with a mean of 0.15 and standard deviation of 0.362. Variable of enterprise client size using a ratio scale has a mean value greater than the standard deviation value. This shows that the quality of the variable data is quite good, because the mean value greater than the standard deviation value indicates that the standard error the variable is of the small. As for the variables auditor switching, audit opinion, management turnover and the size of the Firm uses a measurement scale nominal, the mean and standard deviation are not appropriate to be used as a tool of analysis of data quality, because the code numbers used in the measurement scale nominal serves only as a label category alone without value and does not have any intrinsic meaning anything (Ghozali 2011: 04).

Hypothesis

Test Results Determination Coefficient

In Table 2, the magnitude of the coefficient of determination in the logistic regression model indicated by Nagelkerke R Square value. Nagelkerke R Square of 0.051 which means that the variability of the dependent variable can be explained by the independent variable is 5.1%, while the remaining 94.9% is explained by other variables outside the research model.

The test result of Hosmer and Lameshow's Test. The hypothesis conveniently indicates score Chi-Square of 12.933 with significance (p) of 0.114.

Based on these results, because the significance value greater than 0.05, which means that the hypothesis 0 (H0) can be rejected (accepted), then the model can be summed able to predict the observed values or models acceptable for data match observations so that this model can be used for further analysis (see Table 3).

Test Results Multicollinearity

A good regression model is a regression in the absence of symptoms of a strong correlation between the independent variables. This result showed no correlation coefficient between the variable whose value is greater than 0.8, then there are no symptoms of serious multicollinearity between independent variables (see Table 4).

Classification Results Matrices

Matrix classification shows Predictive power of the regression model for predicting the possibility of switching auditors conducted by the company.

The power of the predictions from the regression model is to predict the likelihood of the company perform switching auditors is 10.3%. This shows that regression model is used, for seven companies (10.3%). It was predicted to perform the auditor switching from a total of 68 companies are doing auditor switching. The predictive power of the model companies that do not perform switching auditors is by 97.6%, which means that the regression model has 124 companies (97.6%). It is predicted they did auditor switching from a total of 127 companies that did not do it (see Table 5).

Regression Test Results

The test result of the regression coefficients in Table 6 produces the following models:

$$SWITCHT = -1.371 + 0.734 OPINION - 0.37 FIDIS + 0.020 SIZE + 0.192 CHANGE - 0.242 NBFOUR. \quad (3)$$

Discussion

The Effect of audit opinion on the Auditor Switching (SWITCH)

The audit opinion indicates a positive regression coefficient of 0.734 with a significance level (p) of 0.019, is smaller than $\alpha = 5\%$. Due to the level of significance (p) is smaller than $\alpha = 5\%$, then the hypothesis to-1 successfully supported. This research proved that affect the audit opinion auditor's switching. The result support the results Hudaib and Cooke (2005), Hermawan and Fitriany (2013).

Auditors did not give an unqualified opinion (not the company's expectations), the company will tend to move the firm that may provide an opinion as expected the company. Management of the company will replace its auditor because they give an audit opinion, which is not expected on the company's financial report, and auditors will be looking for an easier (Wijayani and Juniarti 2011).

Influence of Financial Distress (FIDIS) on the Auditor Switching (SWITCH)

Variables financial distress showed negative regression coefficient of 0.037 with a significance level (p) of 0.256, greater than $\alpha = 5\%$. Due to the level of significance (p) is greater than $\alpha = 5\%$, then the hypothesis-2 did not successfully back up. This research did not prove their influence financial on the auditor switching distress. The results support the result of research and Januarti Wijayani (2011), Pratitis (2012), Aprilia (2013) Priambardi and Haryanto (2014).

Financial distress no influence on the auditor switching due to poor financial condition did not cause companies the auditor switching because most of the companies that were sampled using the services of accounting non-Big Four firm. Auditor switching to the use of the services accounting firm of the Big Four will worsen the company's financial condition due to the increase in audit services auditee experiencing unhealthy financial position is more likely to bind its auditors to maintain the trust of shareholders and creditors and reduce the risk of litigation.

Effect of Client Company Size (SIZE) of the Auditor Switching (SWITCH)

Variable of client companies size showed positive

regression coefficient of 0.020 with a significance level (p) of 0.724, greater than $\alpha = 5\%$. Due to the level of significance (p) is greater than $\alpha = 5\%$, then the hypothesis 3rd unsuccessful supported. This research failed to prove the existence of the effect size of the client company auditor switching. The result supports the result of research of Januarti Wijayani (2011), Pratitis (2012), Priambardi and Haryanto (2014).

It is caused by the clients with total assets tend to move to the small accounting non-Big Four firm, while clients with total assets of large still choose the accounting firm Big Four as its auditor, which reflects the fit between the firm and its clients. Results of research have failed allegedly because the majority of the research sample consisted of Kien with total assets of small and most of them already use accounting firm non-Big Four that there is no tendency to do auditor switching.

Management Substitution (CHANGE) on the Auditor Switching (SWITCH)

Variable management turnover showed positive regression coefficient of 0.192 with a significance level (p) of 0.621, greater than $\alpha = 5\%$. Due to the level of significance (p) is greater than $\alpha = 5\%$, then the hypothesis of the fourth unsuccessful supported. This research failed to prove the existence of the influence of management changes to the auditor switching. The result supports the research of Aprilia (2013), Juliantari and Rasmini (2013).

The result showed that the change of management is not always followed by a change of policy in the company using the services of an accounting firm. This indicates that the accounting policies and reporting long KAP still be harmonized with the new management policy by way of re-negotiate between the two sides.

The Effect of Firm Size (NBFOUR) on the Auditor Switching (SWITCH)

The variable of Firm size indicates a negative regression coefficient of 0.242 with a significance level (p) of 0.583, greater than $\alpha = 5\%$. Due to the level of significance (p) is greater than $\alpha = 5\%$, then the hypothesis 5 is not successfully backed up. This research failed to prove the existence of the influence of management changes to the auditor switching. The result supports the result of Priambardi and Haryanto (2014) and Arsih (2015).

According to Priambardi and Haryanto, (2014) if the company was being audited by KAP Big Four, then the company is likely to maintain KAP Big Four rather than move to the KAP Non Big Four for the firm with an excellent reputation will

build investor confidence and this is very good for the company.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

It can be concluded that this research can prove that the effect of the audit opinion on auditor's switching shows that companies tend to relocate the firm that may provide an opinion as they expected. Financial distress has no effect on the auditor switching due to poor financial condition that does not cause companies to do auditor switching. It is also because most of the companies were sampled using the services of KAP of Non BigFour. Thus, auditor switching to the use of services KAP Big Four will worsen the company's financial condition for increasing the audit services.

Client Company size does not affect the Auditor Switching, for the clients with small total assets are likely to shift to accounting non-Big Four firm, while clients with total assets of large still choose the accounting firm of Big Four as their auditors which reflect the fit between the firm and its clients.

Substitution of the management does not affect the Auditor Switching, due to management changes that are not always followed by a change of policy in the company. For example, it is followed by using the services of an accounting firm.

The effect of KAP Size does not influence Auditor Switching because when the companies are audited by KAP Big Four, they are likely to maintain KAP Big Four rather than to the KAP Non Big Four. It is because of the firm with an excellent reputation will build investor confidence and this can make the companies better.

For auditors, they should better maintain their independence so that the company will not perform auditor switching outside the predefined rules.

For companies, they should perform switching auditors in accordance with predefined rules.

For further research, it can extend the year of observation, consider other variables such as tenure audit, the audit fee, profitability, client growth, Opinions going concern and audit delay.

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