

# The role of auditor opinion in moderating the effect of financial distress on auditor switching in the infrastructure, utility, and transportation sub-sectors

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## ABSTRACT

The purpose of this study is to analyze the effect of company growth and financial distress on auditor switching with going concern audit opinion as a moderating variable. This study used secondary data obtained from Indonesia Stock Exchange. By using a purposive sampling method, of 25 infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange (IDX) during the period of 5 years (2013-2017). The data were analyzed using descriptive analysis, logistic regression, and moderated regression analysis. The dependent variable used is auditor switching, while the independent variables are company growth and financial distress, with going concern audit opinion as the moderating variable. The results showed that company growth has no effect on auditor switching, financial distress has an effect on Auditor switching, going concern audit opinion has no effect and cannot moderate the effect of company growth on auditor switching, going concern audit opinion has an effect but cannot moderate the effect of financial distress on auditor switching.

## ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh pertumbuhan perusahaan dan kesulitan keuangan pada pergantian auditor dengan opini audit going concern sebagai variabel moderasi. Penelitian ini menggunakan data sekunder yang diperoleh dari Bursa Efek Indonesia. Dengan menggunakan metode purposive sampling, penelitian ini mengambil sample dari 25 perusahaan infrastruktur, utilitas dan transportasi yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 5 tahun (2013-2017). Data dianalisis menggunakan analisis deskriptif, regresi logistik, dan analisis regresi sedang. Variabel dependen yang digunakan adalah auditor switching, sedangkan variabel independennya adalah pertumbuhan perusahaan dan kesulitan keuangan, dengan opini audit going concern sebagai variabel moderasi. Hasil penelitian menunjukkan bahwa pertumbuhan perusahaan tidak berpengaruh pada auditor switching, financial distress berpengaruh pada auditor switching, opini audit going concern tidak berpengaruh dan tidak dapat memoderasi pengaruh pertumbuhan perusahaan terhadap switching auditor, going concern audit opinion berpengaruh tetapi tidak bisa memoderasi pengaruh kesulitan keuangan pada auditor switching.

## 1. INTRODUCTION

Auditor rotation or auditor switching is the substitution of public accounting firm or auditor that is hired based on the company or client's consideration. In this case, auditor

switching is still considered mandatory, which means that the switching is only to carry out the company's obligation under applicable government regulation. The policy aims to make the auditor able to maintain an attitude

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that does not depend on the client and remain objective in carrying out his duties. If the client does not change the public accounting firm or auditor, it may cause a negative influence on the audit results. According to Wahid et al. (2006), auditor switching tends to affect the audit fees received by the auditor. It is assumed that a new auditor does not understand the comprehensive business cycle. The first assignment is usually proven to have a high risk of confusion. From some of the negative sides above, the company should make careful consideration and planning before doing auditor switching.

The audit quality provided by the auditor for the client company directly or indirectly influences the company whether to retain or replace the auditor. Consideration to replace or not, for the company or client, is influenced by many aspects including profitability, company growth, financial condition of the client, and the type of auditor's opinion to be provided (Nasser, 2006). In addition, auditor switching aims to maintain the auditors' independence so that they remain objective in their audit assignment.

Besides auditor, another factor is profitability. Profitability is the company's ability to make a profit. High profitability will guarantee the possibility of another party's investment. High profitability is the results of high operating income or a decrease in company operating expenses. An increase in company revenue from year to year shows that the company is experiencing growth. As the company develops, of course, its main activities will become more complex and tend to require higher quality auditors. The company will change the auditor if the previous auditor is deemed unable to meet the company's needs.

Testing the company growth variable has been done by several researchers. The results show that company growth variable significantly influences auditor switching (Rahmawati et al., 2017; Tisna et al., 2017; Alansari et al., 2016; Mahindrayogi et al., 2016; Faradila et al., 2016; Astuti et al., 2014; Kristiana, 2012; Nazri et al., 2012; Nazri et al., 2012; Ismail et al., 2008; Woo et al., 2001; Joher et al., 2000). However, the results of other studies show that company growth variable has no effect on auditor switching (Priyatna et al., 2015; Suarjana, 2015; Wahid et al., 2006).

Another factor is financial distress. Financial distress is also thought to have an effect on auditor switching. Financial distress

is a condition where the company's operating results are insufficient to cover the company's obligations. Companies that experience financial distress tend to change auditors more frequently than those with good financial conditions. Companies that experience an unhealthy financial position tend to involve more auditors who have a high degree of independence with the aim of increasing the trust of shareholders and creditors. The results of previous research showed that financial distress significantly influences auditor switching (Arsana et al., 2018; Nazri et al., 2012). On the other hand, the results of other research shows that financial distress does not affect auditor switching (Rahmawati et al., 2017; Mahindrayogi et al., 2016; Faradila et al., 2016; Priyatna et al., 2015; Astuti et al., 2014; Putra, 2014).

The type of opinion provided by an auditor or public accounting firm is also thought to moderate the effect of company growth and financial distress on auditor switching. Achievement of company growth and the condition of company that is vulnerable to loss sometimes also obtain unqualified opinion with an explanation of the existence of its business continuity (going concern audit opinion). The auditor or public accounting firm gives a going concern audit opinion because the obligation to other parties is so big. The company has a desire to conduct business development. However, there are also clients who retain the previous auditor because the entity estimates that the risk faced is greater if there is auditor switching, and also the doubts of stakeholders about the reliability of financial reporting issued by the client. Research conducted by Alansari et al. (2016) shows that going-concern audit opinion is able to significantly weaken the influence of company growth on auditor switching, while the research conducted by Arsana et al. (2018) shows that going concern audit opinion can moderate the influence of financial distress on auditor switching.

The arguments show that auditor switching is each company's consideration when making decisions. So far, there have been still inconsistencies in the results of previous studies, it is necessary to conduct further research related to the effect of company growth and financial distress on auditor switching. The research objectives are 1) to examine the effect of company growth on auditor switching; 2) to examine the effect of financial distress on auditor switching; 3) to examine the role of

going concern audit opinion in moderating the effect of company growth on auditor switching; 4) to examine the role of going concern audit opinion in moderating the effect of financial distress on auditor switching.

## **2. THEORITICAL FRAMEWORK AND HYPOTHESIS**

### **Agency Theory**

Agency theory discusses an interrelationship between agents and principals that often arise a conflict. A conflict between agents and principals is often termed agency conflict. This agency conflict occurs because both have different views in the company's operation and there is no agreement between the two. For companies, agency conflict can create agency cost (Jensen & Meckling, 1976). According to Pratini & Astika (2013), agency conflict arises because of differences in interests and the existing information asymmetry between principals and agents. Information asymmetry makes difficult for principals and agents to have a harmonious relationship. Agents tend to have more information than principals, while principals do not have the opportunity to get access for more information (Juliantari & Rasmini, 2013).

Actual agent behavior is difficult to be ascertained by the Principal. Therefore, monitoring step is carried out by the principal by employing an independent auditor. The independent auditor acts as an intermediary because he behaves impartially to the agent or principal. The auditor's role is to determine whether the report prepared by management meets the contractual provisions and provides an opinion on the reasonableness of the financial statements (Alansari, 2016; Messier et al., 2017). The independent auditor also functions to minimize agency costs which might due to a selfish behavior carried out by the agent (manager).

### **Mandatory Auditor Rotation**

Government Regulation Number 20/ PMK.01/ 2015 article 11 paragraph 1 regulates the provision of audit services on historical financial information to an entity by a public accountant that is limited to a maximum of 5 consecutive financial years. This regulation becomes a reference for auditors or public accounting firm for acting and always maintaining their independence. This has led to company behavior to change auditor or auditor switching. If the audit change is focused

on the auditor, the company can conduct auditor switching in accordance with the audit engagement period (audit tenure) that has been regulated in a Decree of the Minister of Finance of the Republic of Indonesia. However, if the audit change is focused on the client, the company can conduct auditor switching based on the conditions of the client company (company growth, company size, and others).

In the case above, auditor switching is the change of public accounting firm or auditor made by a client company. The Government of Indonesia has issued Minister of Finance Regulation No. 20/ PMK.01 2015 which also regulates the Practice of Public Accountants. The regulation states that the provision of audit services on financial statements by the public accounting firm (KAP) can be carried out for a period of 5 consecutive financial years. Auditor switching can occur due to mandatory and voluntary regulation. Based on the government regulation, this research focuses on auditor switching because in reality many client companies make audit changes in accordance with their own wishes.

### **Company Growth**

The company's growth rate is an ability that shows changes in company conditions where the company can maintain the quality of the industry and its overall economic activities well (Putra, 2014). Company growth is one of the most important components in the company. When companies can increase their growth, investors will be interested in making decisions about their investments. A growing company usually requires an increase in audit quality and this may not be matched by the auditor's expertise. Companies need auditors who have higher credibility and are willing to accept the risk of growth in the company. If this cannot be fulfilled by the auditor, the company tends to do auditor switching (Alansari, 2016).

The company's growth rate is the company's ability to maintain good quality of its overall economic activities which can be seen from how broad the company is developing in its economic activities. Companies that continue to grow will tend to change auditors because they require auditors who have better quality. When the company's business is growing, they demand for higher independence and higher quality audit firms to reduce agency costs. This is done because the company's growth shows alignment of objectives where managers perform well to prosper owners and provide

the non-audit services needed to increase company expansion (Faradila, 2016).

*H<sub>1</sub>: Company growth has an effect on auditor switching*

#### **Financial Distress**

Financial distress is a company's bad financial condition. The bad financial condition can occur due to the inability of the company to pay its obligations, especially short-term obligations caused by several factors, including: 1) the company has no funds or, 2) the company still has funds but at the due date of payment of the obligations, the company does not have cash funds so the company must do various ways such as selling securities, selling inventory, collecting receivables and so on. Financial distress is actually a fund difficulty in an effort to cover liabilities or liquidity problems that are increasingly large but they cannot meet the cost (Kasmir, 2013: 68).

Auditor switching is possible for the company due to financial difficulties experienced by the company. Companies that go bankrupt, with a low ratio, and experience an unhealthy financial position tend to involve more auditors who have a high degree of independence with the aim of increasing the trust of shareholders and creditors. Auditors who have clients with financial difficulties will have shorter tenure than auditors who have clients whose financial condition is healthier.

*H<sub>2</sub>: Financial distress has an effect on auditor switching*

#### **Going Concern Audit Opinion**

Going concern audit opinion is the opinion issued by the auditor because there are great doubts about the company's ability to continue going concern. Going concern audit opinion can include unqualified opinion with explanatory paragraphs relating to the survival of the entity (Kristiana, 2012). Companies that get going concern audit opinions have a greater likelihood to do auditor switching than those that do not get going concern opinion because they are able to convince users of financial statements that the condition of the companies will improve in the future and be able to provide satisfactory results for stakeholder.

Public Accounting Professional Standards (SPAP) Section 341 No. 30 (SPAP, 2011) includes auditor's consideration in issuing a going concern audit opinion on an entity's business continuity. According to the SPAP, audit opinion included in going concern

opinion (GC) is unqualified opinion with an explanation language, qualified opinion, adverse opinion, and disclaimer of opinion. A qualified opinion is given to the audit if the auditor doubts the survival of the company and the auditor concludes that management does not include disclosures regarding the nature, effects, conditions and events that cause the auditor to doubt the survival of the company. If the disclosure in the management plan is inadequate and no adjustment is made, then the impact is in material and can deviate from generally accepted accounting principles, the auditor gives an adverse opinion.

Discrepancies between auditors and clients often end with the change of auditors in the company. Clients who want the company to grow will tend to choose qualified auditors who can provide audit opinions with explanatory paragraphs about the sustainability of the company. The audit opinion is part of the main information of the audit report. The opinion given by the auditor is a statement regarding the reasonableness, all things relating to material, financial position, results of business operations, and cash flows of a particular entity whether they are in accordance with generally accepted accounting principles (SPAP, 2011). Financial distress will lead to the potential for going concern audit opinion. And in a situation where a company will get a going concern opinion, the opportunity for taking policy to conduct auditor switching will be even greater.

*H<sub>3</sub>: Going concern audit opinion is able to moderate the effect of company growth on auditor switching.*

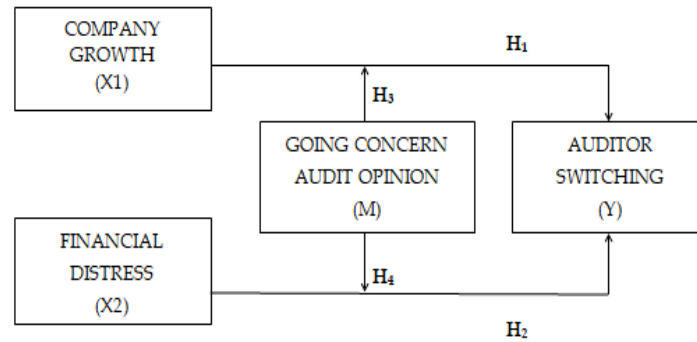
*H<sub>4</sub>: Going concern audit opinion is able to moderate the effect of financial distress on auditor switching.*

### **3. RESEARCH METHOD**

This study is classified as quantitative research using secondary data in the form of financial statements of infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange (BEI) during the period of 2013-2017 with the total of 36 companies. Secondary data were obtained using a purposive sampling method. The sample criteria used are as follows:

1. Infrastructure, utilities, and transportation companies that have complete annual financial statement information on research variables.





**Figure 1**  
**Framework**

- During the observation period, the company did not experience delisting or leave the IDX.

### Variable Identification

The variables used in this study are:

- The dependent variable of Auditor Switching (Y). Auditor switching is a change of public accounting firm or auditor made by a client company. If a company does auditor switching voluntarily, the score is 1, while if a company does not do auditor switching, the score is 0.
- The independent variables include:  
(X1): Company Growth. The company's growth rate is the company's ability to maintain good quality of its overall economic activities which can be seen from how broad the company is developing in its economic activities. The formula for calculating company growth is as follows:

$$\text{Company Growth} = \frac{\text{Sales } t - \text{Sales } t-1}{\text{Sales } t-1}$$

(X<sub>2</sub>): Financial Distress

Financial distress is a condition in which a company experiences a difficult time in finance. This can be seen from the company's inability to pay all or part of its liabilities, especially short-term liabilities caused by several factors. Financial distress variable is measured using the Altman Z-Score bankruptcy analysis. Altman Z-Score calculation results will be grouped in good categories, conditions that need consideration, and bankruptcy.

The formula of Altman Z-Score is:

$$\text{Z-Score} = 6.56 T_1 + 3.26 T_2 + 6.72 T_3 + 1.05 T_4$$

- Moderating variable of Going Concern Audit Opinion (M)  
Going concern audit opinion is the opinion

issued by the auditor because there are great doubts about the company's ability to continue going concern. If the company receives a going concern audit opinion that appears on the independent auditor's report, the score is 1, otherwise if the company does not receive a going concern audit opinion, the score is 0.

### Data Analysis Technique

Data analysis techniques include 1) descriptive statistical testing, 2) hypothesis testing using logistic regression (Ghozali, 2018).

The statistical formulation of the logistic regression model is as follows:

$$\ln(p/1-p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 \cdot X_3 + \beta_5 X_2 \cdot X_3 + ei$$

Where as for moderating, there are 3 statistical models in MRA.

$$\ln(p/1-p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + ei$$

$$\ln(p/1-p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + ei$$

$$\ln(p/1-p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 \cdot X_3 + \beta_5 X_2 \cdot X_3 + ei$$

By comparing the three results, we get the results of whether the moderating variable is pure moderator, quasi moderator, independent moderator, or homo; ogozer.

### Model Test

The overall model evaluation is tested by comparing the values between -2Log Likelihood (-2LL) at the initial (Block Number = 0) and -2Log Likelihood (-2LL) at the end (Block Number = 1). Initial value of -2LL is that when only one variable is entered, the result is greater than the value of -2LL after the three variables are entered and there is a decrease in the result. The decrease in Likelihood (-2LL) shows a better regression model, or in other words the model which is hypothesized fit with data.

Hosmer and Lemeshow's Goodness of Fit Test is used to test the feasibility of the regression model. If the Chi-square value on the results of Hosmer and Lemeshow's Goodness of Fit Test is  $\leq 0.05$ , the null hypothesis is rejected which means that there is a significant difference between the model and the data observation value. But if the statistical value of Hosmer and Lemeshow's Goodness of Fit is  $> 0.05$ , the null hypothesis is accepted which means that the model is able to predict the match between the model and its observation value.

Nagelkerke's R Square is a modification of the Cox and Snell coefficients used to ensure that the values vary from zero (0) to one (1). If the coefficient of determination value obtained is small, it means that the ability of independent variables to explain the variation of the dependent variable is very limited. If the value of the coefficient of determination is close to one, it means that the ability of the independent variables in providing the information needed to predict the variation of the dependent variable is very large and good. The hypotheses are tested using logistic regression tests conducted with Wald Test using  $\alpha = 5\%$ . If the significance value (sig.) is  $< \alpha < 0.05$ , the alternative hypothesis is accepted ( $H_0$  is accepted), conversely if the significance value (sig.) is  $> \alpha \geq 0.05$ , the alternative hypothesis is not accepted ( $H_0$  is rejected). MRA interaction testing is used for moderation testing (Ghozali, 2018).

#### 4. DATA ANALYSIS AND DISCUSSION

This study used the sample from infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange (IDX) during the period of 2013-2017 with the total of 36 companies. Infrastructure, utilities and transportation companies that did not publish complete annual financial reports from 2013 to 2017 were 10 companies. The number of companies, delisted from the Indonesia

Stock Exchange (IDX) during 2013 to 2017, was 1 company. Based on the data studied, the infrastructure, utility and transportation companies sampled in this study were 25 companies.

Based on the results on Table 2, there were 60 (48%) companies that did auditor switching were 60 companies while 65 (52%) companies that did not do auditor switching. These results indicate that most of the infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange during the observation period did not conduct auditor switching. Company growth had an average value of 9.1742 with a standard deviation of 76.33434. The lowest company growth was -100.00 occurred in PT. Steady Safe Tbk in 2017 where company sales declined. The highest company growth was 794,692 occurred in PT. Mitrabahtera Segara Jati Tbk in 2014. Financial distress had an average value of 0.3886 with a standard deviation of 7.99998 indicating that the data had many variations. The lowest financial distress was -36.39 occurred in PT. Leyand International Tbk in 2015 indicating that this company had a low ability to pay short-term obligations on time. The highest financial distress was 16.90 occurred in PT. Mitrabahtera Segara Sejati Tbk in 2017. Companies that received going concern audit opinion were 13 companies (10.4%), while companies that received non-going concern audit opinions were 112 companies (89.6%).

The regression test results on Table 2 above show that the value of the initial Log Likelihood -2, or before the dependent variable was included in the model, was 173.087 and after the independent variable was included in the Log-Likelihood model was 163.007. This shows that the value of -2Log Likelihood in the final model decreased compared to the value of -2Log Likelihood in the initial model. Based on these results,  $H_1$  is rejected and it can be concluded that the logistic regression model

**Table 1**  
**Sample Selection Process with Criteria**

No.	Explanation	Number
1.	Preliminary data of infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange in 2013-2017 consecutively (36 companies x 5 years)	180
	Infrastructure, utilities and transportation companies which did not publish complete annual financial reports in 2013-2017 (10 companies x 5 years)	(50)
2.	Transportation companies that were delisted from IDX during 2013-2017 (1 company x 5 years)	(5)
Total Number of Samples during the Research Period		125

Source: *IDX (2019)*

**Table 2**  
**Descriptive Statistics Results**

	N	Minimum	Maximum	Mean	Std. Deviation
GROWTH	125	-100.00	794.92	9.1742	76.34734
Z SCORE	125	-36.39	16.90	0.3886	7.99998
VALID N	125				
	With Auditor Switching	48%			
	Without Auditor Switching	52%			
	With OPGC	10.4%			
	Without OPGC	89.6%			

Source: Processed data

is fit with the data. Hosmer and Lemeshow's Goodness of Fit Test produced a chi-square value of 2.278 with a significance value of 0.971 > 0.05, meaning that there was no difference between the model and data. This model could be used to test the effect of independent variables on the dependent variable.

This study obtained Cox and Snell R square value of 0.077, with Nagelkerke R Square value of 0.103. This showed that the auditor switching, conducted by infrastructure, utilities and transportation companies listed on the Indonesia Stock Exchange, which was influenced by the factors of company growth and financial distress moderated by going concern audit opinion was only 10.3%, while the rest or 89.7% was influenced by other factors not examined.

Based on the data, the number of companies that did not experience auditor switching was as many as 65 companies, but the results of observations showed that there were only 44 companies. Therefore, the classification accuracy was 67.7% (44/65). Based on the prediction, the number of companies that experienced auditor switching was as many as 60 companies, but the results of observations showed only 26 so the accuracy of the classification prediction was 56.7% (26/60). Overall the classification accuracy was 62.4 percent.

The results of the moderation regression analysis are as follows

- $SWITCH = 0.199 - 0.002 \text{ GROWTH} - 0.073 \text{ ZSCORE} - 1.477 + e$
- P value OPGC = 0.048 < 0.05 (significant)
- $SWITCH = 0.366 - 0.007 \text{ GROWTH} - 0.123$

$$\text{ZSCORE} + 0.080 \text{ GROWTH} \times \text{OPGC} + 0.043 \text{ ZSCORE} \times \text{OPGC} - 1.594 + e$$

P value OPGC = 0.106 > 0.05 (insignificant)

P value GROWTH x OPGC (Interaction) = 0.091 (insignificant)

P value ZSCORE x OPGC (Interaction) = 0.612 (insignificant)

The results of the equation above show that the value of  $\beta_{2\text{OPGC}}$  is 0.048 while the significance value of  $\beta_{3\text{OPGC}}$  in equation 3 is 0.106, the significance value of  $\beta_{3\text{GROWTH} \times \text{OPGC}}$  (interaction) is 0.091, while the significance value of  $\beta_{3\text{ZSCORE} \times \text{OPGC}}$  (interaction) is 0.612. This shows that the significance value of equation 2 is smaller than 0.05 and the significance value of equation 3 is greater than 0.05. So, it can be said that going concern audit opinion has insignificant effect on the relationship between company growth and auditor switching as well as between financial distress and auditor switching. Based on the equation above, it can be said that going concern audit opinion cannot act as a moderating variable, but only as an independent variable.

### Discussion

The results of this study indicate that company growth has no effect on auditor switching. The company's rapid growth does not affect the company to change its auditors. Auditor switching can occur because of mandatory or voluntary aspects of corporate policy. The understanding of the client's business is emphasized on every auditor, especially when accepting new audit assignments. The auditor has the obligation to carry out audit assignments

by maintaining the quality of the audit without thinking of the consequences of switching or not. If it is related to agency theory, it can be shown that by replacing public accounting firm or auditor, it seems that the principal or client minimizes the negative impacts that will harm the company. Policies related to auditor switching are able to minimize agency conflicts that arise between agents and principals. The attachment of auditor or public accounting firm to agent or principal finally decreases.

The result of financial distress variable testing shows that financial distress has an effect on auditor switching. Financial distress is a driving factor for companies to replace old auditor with the new one. Financial distress shows that the company's financial condition is insufficient, the operational costs borne by the company have not been able to be minimized, including the ability to pay third parties or audit fees. Companies prefer to switch to a new auditor that can provide audit services at a cost that is not too high and can attract stakeholders' trust.

Another finding is that going concern audit opinion has no effect and cannot moderate the effect of company growth on auditor switching. Auditor switching can be done in a mandatory or voluntary manner with various aspects of consideration from the auditor side and from the company side. Auditors have an obligation to maintain quality audit assignments with reference to the International Standard Auditing (ISA). The independent auditor's opinion is produced by a quality audit process and does not consider whether there will be auditor switching or not. The audit assignment process is also not strengthened by the company's business conditions. When the understanding of the client's business is broader, it will have an impact on the completion of the audit assignment process. But, it does not affect the possibility of switching.

Going concern audit opinion has an influence but cannot moderate the influence of financial distress on auditor switching. The higher the level of financial distress, the higher the tendency to do auditor switching. When a company experiences financial distress, there will be a tendency for mandatory or voluntary switching to occur. The company will choose a public accounting firm that suits the company's conditions to minimize the occurrence of agency problems or agency costs. The client expects that the new public accounting firm can

provide auditors who can assist the company in overcoming the company's condition that is experiencing financial distress so that the company's condition can be stable. However, if the company obtains a going concern audit opinion, it will weaken the effect of financial distress on auditor switching. Companies that obtains going concern audit opinion will tend to retain their auditors in order to maintain the trust of the users of financial statements.

## **5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION**

Based on the results of hypotheses testing, it can be concluded that: 1) company growth has no effect on auditor switching in infrastructure, utilities, and transportation companies listed on IDX in the period of 2013 - 2017; 2) financial distress has an effect on auditor switching in infrastructure, utilities, and transportation companies listed on IDX in the period of 2013 - 2017; 3) going concern audit opinion has no effect and cannot moderate the effect of company growth on auditor switching; 4) going concern audit opinion has an effect but does not moderate the effect of financial distress on auditor switching.

This study has several limitations that can affect the results of the study as follows: 1) the limited number of moderating variables in previous studies to be used as a reference for this study; 2) based on data obtained from the source, there are still many data that do not present complete and consecutive financial statements so as to reduce the sample of data used; 3) the moderating variable in this study still cannot moderate the effect of independent variable on the dependent variable so that it only becomes an independent variable.

Based on the limitations and results of this study, the researchers can provide suggestions as follows: 1) the next researchers need to consider using all companies listed on the IDX as research objects so that the data used are more diverse; 2) the next researchers need to consider replacing the moderating variable because there are still very few previous studies using moderating variables as used this study; 3) the next researchers need to consider replacing the independent variables or adding other independent variables such as management change, managerial ownership, firm size, client size, and audit quality to increase knowledge related to auditor switching in Indonesia.



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