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The factors affecting auditor switching in manufacturing companies listed in Indonesia Stock Exchange (BEI)

Istainul Khasanah, Joicenda Nahumury[1]

[1] *STIE Perbanas Surabaya, Nginden Semolo Street 34-36, Surabaya, 60118, East Java, Indonesia*

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A B S T R A C T

This study aims to empirically prove the effect of the audit opinion, change in management, public accountant firm's size, the percentage change in ROA, financial distress and the growth of corporate on auditor switching. The samples in this study are manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2006-2011. There were 492 companies collected for observations in which they were taken by the method of purposive sampling. An analytical technique employed is logistic regression analysis. During the six years of research, descriptive statistics indicate that only 55 or 11.25% of the observed companies have changed their auditor, and the rest 437 companies or 88.75% did not perform auditor switching. It was found that only public accountant office size that affects the auditor switching among six variables studied. The other five independent variables have no impact at all. This study has proved that companies which hired the public accountant firms affiliated with the big four choose to stay afloat using them, because in fact, the public accountant firms affiliated with the big four are considered having a higher quality to conduct the audit on financial reports of go public companies.

1. INTRODUCTION

The establishment of a business is expected to generate profits that can later be used to maintain the viability of the business in an unlimited period. In this effort, the management of the company should present the financial statements to show the results of their performance to the related parties who need it. SFAC No. 2 describes the characteristics of the quality of financial reporting information must be relevant and reliable, consistent and useful for decision-making (Kam, 1990: 515). In addition, the need for the importance of the reliability of information is whether it can drive the need for a third party independent auditor to provide assurance that the financial statements are presented. Thus, the management company can be trusted as a basis for decision making.

In Indonesia, every company that is going public is required to submit their financial statements prepared in accordance Financial Accounting Standards (GAAP) applicable in Indonesia and have been audited by a public accountant registered with the Capital Market Supervisory Agency (Bapepam). When more and more companies are going public, the more they are required to have audit services. This affects the development of the public accounting profession in Indonesia, because it gives the option to the company to continue to use the same Public Accountant Offices (KAP) or switch another one (auditor switching).

The birth of the Sarbanes Oxley Act (SOX) in 2002, which was triggered by the collapse of Arthur Anderson accounting firm Enron scandal of 2001 in the United States, has prompted many countries in the world such as the United States and some European Union countries to improve the structure oversight of the firm by applying the rotation of KAP and mandatory auditor (Suparlan and Wulan Andayani 2010). Indonesia is one of the countries that require change of accounting firms. The government has set the rotation of auditor liability to the enactment of the Minister of Finance of the Republic of Indonesia Number 17/PMK.01/2008 to enhance Decree of the Minister of Finance and No. 423/KMK.06/2002 No. 359/KMK.06/2003. Regulation of the Minister of Finance of the Republic of

* *Corresponding author, email address: joicenda@perbanas.ac.id*

Indonesia Number 17/PMK.01/2008 first, stating that the provision of services of general audit of the financial statements of an entity can be done for a maximum of 6 years in a row by the same accounting firm.

Studies concerning auditor switching is very interesting because it can be done by companies outside the provisions of the finance minister. If so, it will raise questions for investors suspicion even so it is important to know the causes. The empirical results of previous studies to prove the existence of a variety of factors that cause the auditor switching. Research conducted Mohammad Hudaib and TE Cooke (2005) successfully demonstrated the influence of management turnover, financial distress, and the audit opinion of the auditor switching, while research by Andri Prastiwi and Frenawidayuarti Wilsya (2009), shows that the firm size and growth variables affecting firms auditor switching. On the other hand, research by Ni Kadek Sinarwati (2010) provides empirical evidence on the relationship management changes and financial distress of the company's decision to move public accounting firm.

This study aims to obtain empirical evidence whether the auditor's opinion, management turnover, size of the firm, the percentage change in ROA, financial distress, the growth of corporate influence decisions of companies in Indonesia to perform switching auditors. The results are useful for research relating to auditor switching.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Auditor Switching

Auditor switching is a public accounting firm changes which are made by the client company (Evi Dwi Wijayani and Indira Januarti 2011). This change can be either mandatory (compulsory) and can also be voluntary (voluntary). Substitution mandatory (compulsory) is done because there are regulations governing auditor rotation obligations. If the turnover is voluntary (voluntary), then the causal factors can be derived from the client side (e.g. financial distress, failed management, ownership changes, Initial Public Offering, and so on) and of the auditor (for example, audit fees, audit quality, and etc.).

According to Randal J. Elder, et al. (2009: 61) the management change their auditor for the purpose of better audit service quality (better quality service), for obtaining an expected opinion (opinion shopping), or reducing cost. Shulamite Damayanti and Made Sudarma (2008) classify the cause of auditor switching into 2 factors, ie factors that come from the client (Client-related Factors), for example, financial distress, failed management, ownership changes, Initial Public Offering (IPO) and factor of auditors (auditor-related factors), for example, audit fees and audit quality.

Auditor Opinion

Auditor's opinion is defined as a statement of opinion given by the auditor in assessing the fairness of the agreement on auditing the company's financial statements. According to the Public Accountants Professional Standards by March 31, 2011, there are five types of auditor's opinion (Sukrisno Agoes 2012: 75), namely reasonable opinion without exception (unqualified opinion), an unqualified opinion with an explanation language (unqualified opinion with an explanatory report language), a qualified opinion (qualified opinion), opinion which is not reasonable (adverse opinion), no statement was not an opinion (disclaimer opinion).

Differences in perspective between the company's management and the auditor may occur due to the accounting method applied to the company's financial statements by auditors to deviate from generally accepted accounting standards and disclosure must be made. When the auditor is unable to provide an opinion as expected, the company will change another auditors or other accounting firm which can provide an audit opinion in accordance with the expected firm (Lely Nuryanti 2012).

Change in Management

Change in management occurs if the company's management changes its board of directors. If the company's board of directors is changed, either the director or commissioner will lead to a change in company policy (Ni Kadek Sinarwati 2010). So if there is a change of management will be directly or indirectly encouraged Substitution public accounting firm for the company 's new management will likely seek KAP are aligned in reporting and accounting policies.

Firm Size

The firm size of the firm is divided into two groups, namely KAP affiliated with the big four accounting firms and are not affiliated with the big four. Endina Sulistiarini and Sudarno (2012) state that the firm size has a positive effect on audit quality. Thus, it is estimated that compared with small accounting office's (KAP), the big ones have the ability to conduct audits, so as to produce a higher quality audit. Shulamite Damayanti and Made Sudarma (2008) also stated that the company would prefer to the KAP with better quality to improve

the quality of financial reporting and enhance the company's reputation in the perspective of the users of financial statements.

Percentage of Changes in ROA

ROA (Return on Assets) is a financial ratio that measures the company's ability to generate net income under a certain level of assets. By doing so, it can be concluded that the percentage change in ROA (Return on Assets) is one of the reputable client reputation (Mardiyah 2002 in the Shulamite Damayanti and Made Sudarma 2008). In addition to the changes in ROA, it can also be used as an indicator of a company's financial condition to see the business prospects of the company. The higher the ROA values are, the more effective management of assets owned by the company and the also the better the business prospects (Susan and Estralita Trisnawati 2011).

The lower ROA is said to change auditors because of a decline in performance that declining business prospects. In this case means the company's declining financial condition resulting in management tend to seek a new auditor who can hide the state of the company. Variable percentage change in ROA is calculated by dividing the difference between ROA particular year and the year before with the previous year's ROA and then multiplying by 100 percent (Shulamite Damayanti and Made Sudarma 2008).

Financial Distress

Auditor switching can also be caused by the company which no longer has the ability to pay audit fees charged by the firm as a result of decline in the company's financial ability (Evi Dwi Wijayani and Indira Januari 2010). In addition, Mohammad Hudaib and TE Cooke (2005) also stated that the company with the financial pressures tends to replace KAP compared to a healthier company.

In this study of financial distress is measured by the ratio of DER (Debt to Equity Ratio) refers to the work of Ni Kadek Sinarwati (2010); Suparlan and Wulan Andayani (2010). DER ratio which is higher indicates a high level of low debt to equity that impacts on the greater burden on companies to outsiders (creditor) and under these conditions, the company will experience financial distress (Suparlan and Wulan Andayani 2010).

Company Growth

Auditor replacement can be attributed to growth (growth) of the company's clients. Along with the growth of the company, the more complex operations and also increasing the separation between the management and the owners, so the demand will increase auditor independence to reduce agency costs caused by the growth of the firm (Watts and Zimmerman in Abu Tahir Abdul Nasser et al. 2006).

The company will replace another auditor if the auditor considers that the old company cannot meet their demands, or they will likely replace with a larger accounting firm to increase the prestige, so the company good stake holder's image can be increased. Joher, et al. 2000 in Juniarti and Nelly Kawijaya (2002) argue that management requires more qualified auditors and able to meet the demands of a fast growing company. If this cannot be met, the company will most likely replace the current auditor. The above framework can be drawn in Figure 1.

Research Framework

Based on the background and the formulation of the problem posed in this study, it can be compiled following research hypothesis:

H1 : the auditor's opinion, management Substitution, Firm size, percentage change in ROA, financial distress, and the growth of corporate influence decisions of companies in Indonesia to perform switching auditors?

3. RESEARCH METHOD

This is quantitative in which the data is secondary data from financial statements companies listed in Indonesia Stock Exchange (BEI) in 2006-2011. Sample collection method used was purposive sampling method.

Operational Definition and Measurement of Variables

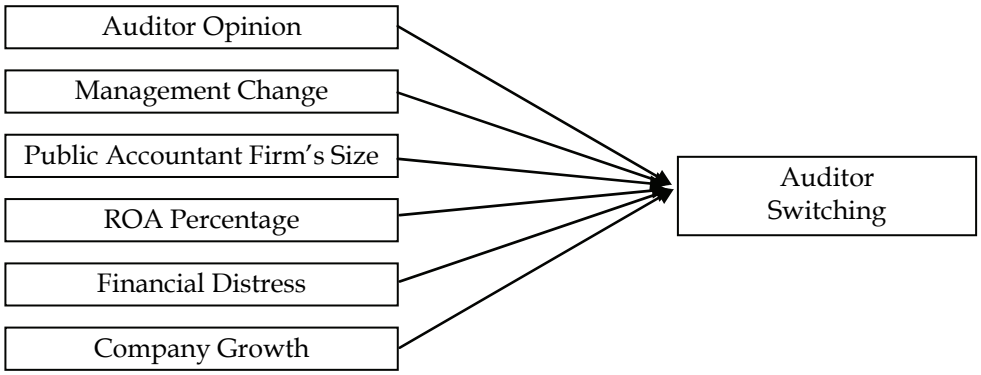
Dependent variable

The auditor switching for the public accountant offices is conducted by the client company because of the factors that influence both the client and the factor of factor of auditors. Auditor switching intent of this research is that if the company did the auditor switching during the study period of 6) years as voluntary. Auditor switching variable uses dummy variables, i.e. 1 or 0. If the client company to replace public accounting firm, then it is given a value of 1. If the client company is not replacing public accounting firm, then it is given a value of 0 (Ni Kadek Sinarwati 2010).

Independent Variables

Audit opinion is a statement of opinion given by

Figure 1
Research Framework



the auditor in assessing the fairness of the financial statements of the audited company. Audit opinion variables use dummy variables. If the company received an unqualified opinion in addition to (unqualified), it is given the value 1. Whereas if the client company received an unqualified opinion (unqualified), then given a value of 0 (Lely Nuryanti 2012).

Change in management is the replacement of the directors of the company management. This is measured by the turn of the chief executive (CEO) as managing director of a supreme leader who has the full authority in determining corporate policy (Nur Wahyuningsih and I Ketut Suryanawa 2011). Management turnover variables use dummy variables. If there is a major change in the company's directors then given a value of 1, whereas if there is no change in the company's managing director, then given the value 0, (Shulamite Damayanti and Made Sudarma 2008).

Firm size is the size of the firm is divided into two groups, namely KAP affiliated with the big four accounting firm and are not affiliated with the big four. Firm size variables use dummy variables. If a company is audited by the big four accounting firm then given a value of 1, whereas if a company's non- audited by the big four accounting firm, then it is given a value of 0 (Abu Tahir Abdul Nasser et al. 2006).

The percentage change in ROA (Return on Assets) is one of a company's financial indicators to see the company's business prospects. The higher the percentage change in the value of the resulting ROA indicates the effective management of the company's assets. In this study the percentage change in the variable ROA is calculated by dividing the difference between ROA particular year and the year before with the previous year 's ROA and then multiplying by 100 percent (Shulamite Damayanti and Made Sudarma 2008).

Financial distress can be seen from the financial statements. In this study financial distress are measured by the ratio of DER (Debt to Equity Ratio). The company's growth is calculated by dividing the difference between the sales particular year and the year before with the previous year's sales and then multiplying by 100 percent (Abu Tahir Abdul Nasser et al. 2006).

Data Analysis Techniques

This study uses logistic regression analysis (logistic regression). It is employed due to the reason that logistic regression analysis (logistic regression) as the dependent variable was dichotomous (do not do the auditor switching and auditor switching). Imam Ghozali (2011: 333) states that the logistic regression method is actually similar to discriminant analysis. This analysis attempts to test whether the profitability of the dependent variable (dependent) can be predicted by the independent variables (independent).

Furthermore, according to Imam Ghozali (2011: 333) uses regression method does not require the assumption of normality in the independent variable. Multivariate normal distribution assumption cannot be fulfilled because the independent variables are a mixture of continuous (metric) and categorical (non - metric). In this case can be analyzed by logistic regression (logistic regression) because it does not need the assumption of normality of the data on the independent variables. Stages in testing using logistic regression (logistic regression) can be described as follows (Imam Ghozali 2011:340-342):

1. Descriptive statistics

Descriptive statistics were used to provide a description or picture of the data as seen from the average (mean), standard deviation (standard deviation), and maximum - minimum. The mean is used to estimate the average size of the sample

population was estimated. Standard deviation is used to assess the average dispersion of the sample. The maximum - minimum is used to view the minimum and maximum values of the population. It is necessary to look at the overall picture of the samples collected and sampled eligible for the study.

2. Logistic Regression Model

This employs logistic regression analysis (logistic regression), i.e. by looking at the influence of auditor's opinion, management turnover, size of the firm, the percentage change in ROA, financial distress and the growth of the company's auditor switching on companies listed in Indonesia Stock Exchange. The regression models in this study are as follows:

$$Y = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \beta_4 X4 + \beta 5\ X_5 + \beta_6 X_6 + e \quad (1)$$

Note:

Y	: auditor switching
β_0	: constant
$\beta_1 - \beta_6$	: regression coefficient
X_1	: audit opinion
X_2	: Change in management
X_3	: size of public accountant office (KAP)
X_4	: Percentage of ROA change
X_5	: Financial distress
X_6	: Company Growth
e	: residual error

- 2LogL

The first step is to assess the overall fit model to the data. Several statistical tests are given to assess this. Hypotheses to assess the model fit is :

H0: the hypothesized model fit to the data

HA: the hypothesized model does not fit to the data

It is obvious that it does not reject null hypothesis so that the model fit the data. The statistics are used based on the likelihood function. Likelihood L of the model is the probability that the hypothesized model that describes the input data. To test the null hypothesis and alternative is transformed into L - 2LogL. Decrease in likelihood (- 2LL) showed a better regression model or in other words the hypothesized model fit the data.

Hosmer and Lemeshow's Goodness of Fit Test

Feasibility of the regression model was assessed using Hosmer and Lemeshow's Goodness of Fit Test. Hosmer and Lemeshow's Goodness of Fit Test to test the null hypothesis that the empirical data fit the model (there is no difference between the models and the data so that the model can be said to fit). If the statistical value of Hosmer and Lemeshow 's Goodness of Fit Test is equal to or less than 0.05, the null hypothesis is rejected, which means there is a significant difference between the models and observations that the value of Goodness is not a good fit model because the model cannot predict the value of observation.

Thus, when the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is greater than 0.05, then the null hypothesis cannot be rejected, and means that the model is able to predict the value of an observation or can be said to be acceptable because the model fits the data observations.

Nagelkerke's R2

Cox and Snell's R Square is used to find measurement that imitate the size of R2 in multiple regression technique which is based on the maximum likelihood estimates of less than 1 (one) so it is difficult to interpret. Nagelkerke's R square is a modification of the Cox and Snell coefficient to ensure that its value varies from 0 (zero) to 1 (one).

The above effort is done by dividing the value of Cox and Snell's R2 to its maximum value. Nagelkerke's R2 value can be interpreted as the value of R2 in multiple regressions. Small value means the ability of the independent variables in explaining the variation in the dependent variable is very limited. Value close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

Hypothesis Testing

To test the hypotheses showing the influence the auditor's opinion, management turnover, size of the firm, and the percentage change in ROA, financial distressand the growth of the company's auditor switching, the researcher uses the Wald test. When the Wald test of an independent variable produces a significance value < 0.05, significant variables affect the dependent variable. We can see the great influence of Nagelkerke's R2 square of each variable that we can from the regression of each variable. Variable effect if the value of R squared (-) s / d 0, whereas no effect of R squared results showed the (+).

4. DATA ANALYSIS AND DISCUSSION

Number of companies was listed on the Indonesia Stock Exchange (IDX) during the period 2006-2011 is totally of 130 companies. From these 130 companies, there are 780 observations. Based on data obtained from the Indonesian Stock Exchange (BEI), manufacturing companies sampled in this study were 82 companies. It is reserved only for corporate

Table 1
Selection Process with the Criteria

Criteria	N
Number of companies listed in Indonesia Stock Exchange (BEI) 2006-2011	130
Number of observation during 2006-2011	780
Data of financial report not available completely 2006-2011	48
Sample of companies for research	82
Year of observation (year)	6
Number of Sample total during research period	492

financial reporting and listing on the Indonesia Stock Exchange (BEI) for five consecutive years, while the total observations sampled this research are 492 observations. The sample selection process is based on the criteria as in Table 1.

The analysis was done by means of the test model - 2LogL test, Hosmer and Lemeshow's Goodness of Fit Test and Nagelkerke's R2. 2LogL test results are shown in Table 2. -2 Log Likelihood value early or before the independent variables included in the model for 344 635 and then after the independent variables included in the model -2 Log Likelihood to 326 765. this suggests that the value of the initial model -2 Log Likelihood decreased compared with the value of -2 Log Likelihood end models, so it can be concluded that the logistic regression model was fit to the data.

The assessment of Logistic regression models for the feasibility uses Hosmer and Lemeshow's Goodness of Fit Test. Here are the results of logistic regression models test the feasibility of using Hosmer and Lemeshow's Goodness of Fit Test is shown in Table 3.

In this case, Hosmer and Lemeshow's Goodness of Fit Test produces chi - square values for 10,153 with significant value of 0.254 > 0.05 so it can be concluded that there is no difference between the models with the data. This means that the logistic model generated in this study were able to predict the value of observation, so that the model can be accepted and this model can be used to test the variables x (independent) variable y (dependent).

The next test is Nagelkerke's R2 which is a modification of the Cox and Snell R Square which can be interpreted as the value of R Square on multiple linear regressions. Here is the value of Cox and Snell R Square and Nagelkerke's R2 square resulting from logistic models.

It appears that the value of Cox and Snell R Square of 0.036 is obtained by Nagelkerke's R2 square value of 0.071. This suggests that switching auditors conducted by manufacturing companies in Indonesia Stock Exchange is affected by the auditor's opinion, management turnover, size of the firm, the percentage change in ROA, financial difficulties, and growth of 7.1 %, while the remaining 92.9 % is influenced by other factors that are not investigated.

If the Wald test of an independent variable produces a significance value < 0.05, it indicates that it affects the dependent variable. It can be said that 6 independent variables are the auditor's opinion, management turnover, size of the firm, the percentage change in ROA, financial distressand the growth of the company is only 1 variable that significantly influences the size of the firm. It can be concluded that the influence auditor switching the size of the firm.

Discussion

Among six independent variables, only one which is significant that is the size of the firm that shows the significance value 0.004 is less than 0.05. This is statistically significant that KAP size affects auditor switching.

The Effect of Auditor Opinion on Auditor Switching

This study statistically failed to prove the effect of an audit opinion on the influence of auditor switching. It can be seen from the results of the larger significance of $\alpha = 5$ %.

In this research, the auditor's opinion is not statistically proven effect on auditor switching. It shows that the opinion given by a public accountant in accordance with what is expected by the company during the unqualified opinion. Unqualified opinion (unqualified opinion) is the opinion expressed by the auditor stating that the financial statements presented by the company present fairly without exception (Sukrisno Agoes 2012:75).

The unqualified opinion can be stated by the auditor when the auditor has conducted or completed audits in accordance with auditing standards, presentation of financial statements in conformity with generally accepted accounting principles, and there are no conditions or specific circumstances that require explanatory language. Most of

Table 2
Value-2Log Like hood

-2 Log Likelihood	Value
Block 0	344.635
Block 1	326.765

Table 3
Hosmer and Lemeshow's Goodness of Fit Test

Chi-square	Sig.
10.153	0.254

the sample companies have even got unqualified opinion. That is already be the case that companies listed in Indonesia Stock Exchange or go public will get unqualified opinion, in order to convince and gain the trust of the public and stakeholders.

In addition, some of the companies use the services of affiliated public accountant offices (KAP) of big four who tend not to turn the firm when it gets other than unqualified opinion. KAP turnover is from the big four to the non big four which could lead to a negative perception of the users of financial statements to the quality of the company's financial reporting. On the other hand KAP classes turn into the Big Four affiliate feared could cause the absence of the possibility to obtain unqualified opinion due consideration of audit quality is better. From the above discussion it can be concluded, that the study failed to prove the existence of a significant effect of the auditor's opinion of the auditor switching. The results support the research Lely Nuryanti (2011) and Ni Kadek Sinarwati (2010).

The Effect of Change in Management on Auditor Switching

Management turnover statistically failed to prove the influence on auditor switching which is due to a significant level that is well above 0.05. The results show that management turnover is not always followed by a change of policy in the company using the services of an accounting firm. It shows that KAP accounting policies and reporting can long remain aligned with the new management policy by renegotiated between the two parties. The existence of such a phenomenon is closely related to the state of public companies in Indonesia which is majority owned and run jointly by the people in one family.

Additionally, the companies studied generally use the services of a public accountant which is affiliated the big four. Switching auditor is rarely performed by companies despite having new management (CEO) as a public accountant audit the quality of the firm which is affiliated the big four still believed to have a high quality and independence. This study supports the findings by Suparland and Wulan Andayani (2010); Shulamite Damayanti and Made Sudarma (2008). This study concluded that the results of this study failed to prove the existence of significant influence of management changes to auditor switching.

The Public Accountant Firm's Size (KAP) towards Auditor Switching

The KAP size statistically affects the auditor switching. This study proves the effect of form size on auditor switching. Firm size is usually associated with audit quality. Indeed, in general KAP affiliated considered the big four have a higher quality when compared to non -affiliated KAP the big four (Endina Sulistiarini and Sudarno 2012). It is proven that companies who have used the services of an affiliated KAP big four chose to stay afloat, in the sense that they do not make the shift KAP. This is expected because in their opinion the credibility of the accounting firm affiliated big four very good and trusted by the public and stakeholders of the company.

The KAPs affiliated with the big four have a better quality to improve the quality of financial reporting and enhance the company's reputation in the eyes of users of financial statements. In addition the company which initially used the services of the firm are not affiliated with the big four will replace the previous KA, KAP if it should change, they will still choose the firm which is affiliated the big four.

Thus, this study supports the previous research conducted by Andri Prastiwi and Frenawidayuarti Wilsya (2009), Abu Tahir Abdul Nasser et al (2006), Stefanie L. Tate (2007), Endina Sulistiarini and Sudarno (2012) and the Shulamite Damayanti and Made Sudarma (2008). However, it is on the contrary against the results of Ni Kadek Sinarwati study (2010) which states that the size of the firm does not affect the auditor switching as predicted measurements in variable sizes KAP not done right.

The Effect of Percentage Changes in ROA on Auditor Switching

It cannot prove that the percentage change in ROA has effect on auditor switching. It can be seen from the results of greater significance than 0.05. Percentage change in ROA does not significantly affect the estimated auditor switching because of a long relationship between the company and stakeholders KAP. Therefore, it makes the company still choose stick with the previous KAP under any circumstances. It is because of the trust factor between KAP and company.

In addition, although the phenomenon is likely to cause financial hardship to make the turn KAP, the management considerations for maintaining the company's reputation in the eyes and the size of KAP shareholders is still a major factor for the company to retain the services of the old KAP. The results support the research and Made Sudarma Shulamite Damayanti (2008). Thus, this study shows that the results of this study failed to prove the existence of a significant effect between the percentage changes in ROA on auditor switching.

Financial Distress towards Auditor Switching

Financial distress does not affect the auditor switching. This study cannot prove the effect of financial distress on auditor switching. It is statistically showing that financial distress is not a driving factor for the companies doing the switching auditors. This can be due to the fact that most of the KAP -affiliated respondents use the big four, while a small proportion of respondents use KAP of non –affiliated, they think that the big four accounting firms can make the turn require substantial cost, especially when the company moves into KAP that is not affiliated with the big four.

The above case can make a company's financial condition declined. Companies in financial difficulty do not tend to turn attention to the perception of the firm as shareholders as owners of the funds in the company, because if the companies often move KAP presumption will arise that negatively. Yet, the company is expected to survive samples using KAP long as one of the factors is the audit fee, which the company will adjust the fee in accordance with auditing the company's financial ability. If the company did turn KAP, then it is likely they will issue a charge back for a new look for KAP. As such, the new KAP requires substantial costs to relearn corporate clients.

This study supports the previous research conducted by Andri Prastiwi and Frenawidayuarti Wilsya (2009), Endina Sulistiarini and Sudarno (2012), and the Shulamite Damayanti and Made Sudarma (2008). However, it is on the contrary to the results of research Abdul Nasser Abu Tahir et al (2006) and Ni Kadek Sinarwati (2010) which states that there is a strong incentive to perform switching auditors in companies experiencing financial distressdue to uncertainties in the company's business is threatened with bankruptcy created the conditions that encourage companies to auditor switching. Thus, it can be concluded that the company's financial distressdoes not significantly affect auditor switching.

Company Growth toward Auditor Switching

It doesn’t not show that the company growth affects auditor switching. It can be seen from the results of greater significance than 0.05. It indicates the phenomenon of the growth rate for the company's clients that does not cause auditor switching. The company's growth has no effect on the auditor's doubt on the ability of the company to maintain its viability. When the company experienced an increase in net sales do not warrant an increase in net income, this condition indicates that the company has not been able to escape from their financial problems.

The finding above means that the ratio of positive sales growth could not guarantee the company to accept conviction auditor on the client's ability to maintain its viability. This condition makes the company stay afloat for long use KAP. In addition, consideration of the management to maintain the quality of the firm is still a major factor for the company to retain the services of long KAP. The results support the research of Abu Tahir Abdul Nasser et al (2006) and Lely Nuryanti (2012), but do not support the results of Andri Prastiwi and Frenawidayuarti Wilsya (2009). So the results of this study concluded that this study failed to prove the existence of a significant effect between the growths of the company's auditor switching.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

It can be said that the auditor's opinion, management turnover, the percentage change in ROA, financial distressand the growth of the company do not affect auditor switching (turning to another KAP), while the size of the firm does affect auditor switching. In addition, the public accountant offices (KAPs) affiliated with the big four can be considered to have a higher quality when compared to non -affiliated KAP the big four.

More importantly, it is evident that the company has used the services of an affiliated KAP big four chose to stay using the same KAP. They do not change into another public accountant office (KAP). There are several factors studied affect the auditor switching such as audit fees, an indicator of profitability by using the ROE (return on equity), merger, ownership by the public, the company's growth by using a 4 (four) indicator (change in total assets, changes in sales, MVE changes and changes in income). Moreover, It is due to the factor of time span and the respondents in this study compared with previous studies.

This study also renders limitations, among others; the impact of the enactment of the Minister of Finance of the Republic of Indonesia Number 17/PMK.01/2008 article 3 of the "public accounting services " is not covered. It is based solely on the secondary data sources on manufacturing companies in Indonesia Stock Exchange without involving primary data that this study failed to give maximum results.

It is also lack of data so that further research can reduce the sample and the sample used in this study only focusing on the companies that conduct voluntary auditor switching. The researcher suggests of using all companies listed on the Stock Exchange or they can also be compared to companies listed on KLSE (Kuala Lumpur Stock Exchange so that it can be generalized theoretically valid. Future studies should consider some other variables such as mergers and public ownership that may affect the auditor switching to improve knowledge of audit tenure and auditor switching in Indonesia.

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