

THE EFFECT OF ACCOUNTING FIRM SIZE, CUSTOMER'S COMPANY SIZE, MANAGEMENT SWITCHING, FINANCIAL DISTRESS, AND FEE AUDIT ON VOLUNTARY AUDITOR SWITCHING

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Abstract: *This study aims to test the effect of the company size, customer's company size, management switching, financial distress, and audit fees on voluntary auditor switching. The population used is the real estate company and the properties listed on the Indonesia Stock Exchange in 2008-2013 that consist of 53 companies. Based on purposive sampling method, it obtained 21 sample companies that meet the criteria. Hypothesis testing in this study uses logistic regression analysis due to the dichotomous dependent variable. The results showed that the management switching has significant positive effect on voluntary auditor switching. Therefore, it can be concluded that if the company has main director switching, the company tends to do voluntary auditor switching. Meanwhile, the Public Accounting Firm size, the customer company size, financial distress, and audit fees have no prove to affect the voluntary auditor switching.*

Keywords: *Voluntary Auditor Switching, Public Accounting Firm Size, Customer's Company Size, Management Switching, Financial Distress, Audit Fee*

INTRODUCTION

In the agency theory, the agency relationship arises when one or more persons (the principal) employ another person (the agent) to provide a service and then delegate decision-making authority to the agent (Jensen and Meckling, 1976). Principal (shareholders) and the agent (manager) have different interests that give rise to agency problems, which then causes the agency costs. One form of control to reduce agency cost is to use the services of a company's financial statement audit by an independent auditor (KAP).

As the number of public company is increasing, the auditor service becomes increasingly necessary and there is a growing number of KAP. These conditions lead to competition among the Company to obtain and retain clients. Sumadi (2011)

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stated that this situation gives privilege for the company because the company has the choice between maintaining the same Public Accounting Firm or make auditor switching in accordance with the interests of the customer's company.

Public Accounting Firms switching is basically one way to increase the independence of the Company and audit quality. Mautz and Sharaf (1961) stated that the long relationship between the auditor and the client may cause the auditor has a tendency to lose its independence, because it will bring consequences of high dependency or strong economic ties between the auditor to the client. It can be seen from the case of the Arthur Anderson Company in the US in 2001, which failed in maintaining the independence of its client, Enron. This case is gained from the Sarbanes-Oxley Act (SOX) in 2002. It is used as a base by many countries to improve the structure of supervision and management of the company, one of which is to make regulations regarding the company rotation that is required at a particular time period.

However, many are those who oppose the idea of mandatory auditor rotation, because of the view that the costs incurred for the auditor turnover is greater than the benefits to be obtained. Pratitis (2012) stated that the company will pay to replace the company should not need to be removed if they still use the old KAP. This is because the new company audit, the auditor must understand the working environment and determine the risk of an audit client. Then, the Company will require a start-up cost that is higher and eventually can increase audit fees. In addition, auditors who carry out their duties in the early years proved to have a high possibility of error. Palmrose (1988) which stated that a greater proportion of audit failures occur in the new Public Accounting Firm and litigation on the audit risk is greater in the early years of the engagement.

Indonesia itself is one of the countries that make regulations regarding the existence of periodic Public Accounting Firm mandatory rotation. The government has set the obligation of the Company turnover in the Minister of Finance of the Republic of Indonesia Number 17 / PMK.01 / 2008 on 'Services Public Accountant' on a maximum of six (6) consecutive years conducted by the same Public Accounting Firm and by the longest Public Accountant that is for three (3) consecutive years. However, the company also can replace the Company that they use before a limit on the period for which the Company services. Thus, in Indonesia, Auditor Switching can be mandatory or voluntary. Sumarwoto (2006) state that if the Public Accounting Firm switching mandatory (meet conditions set that after 6 years) then, it will not be a problem. However, if the change is made in the voluntary Public Accounting Firm(outside the conditions set out or before 6 years) it will bring up the question of stakeholders and auditors themselves about what factors cause the turn of the company, so it is important to be knowledgably.

Company size could be expected to affect the voluntary auditor switching. This is because the company is included in the Big Four that is considered to have a better audit quality than non-Big Four Company. So that clients who have used the services of the Big Four are likely not going to do voluntary auditor switching compared to clients who use the services of non-Big Four.

The size of the client company could be expected to affect voluntary auditor switching. This is because the larger size of the company, the audit fee that must be paid when using the new auditor will be even greater. Hence, clients with total assets of large tend not to do voluntary auditor switching.

Management switching supposed to influence the voluntary auditor switching. This is because of the new chief executive will probably change in accounting policy, finance, and included in the selection of Public Accounting Firm (Damayanti and Sudarma, 2007). So, if the company can not meet the long felt desire and the criteria of the new management, Public Accounting Firm switching will happen. Based on these ideas, the client who made the turn management will tend to do voluntary auditor switching.

Financial distress is supposed to influence the voluntary auditor switching. This is because companies are experiencing financial difficulties and tend to be replacing the old Public Accounting Firm with the new Public Accounting Firm who have high independence to restore the confidence of investors and creditors. Thus, companies experiencing financial distress will tend to do voluntary auditor switching.

Audit fee supposed to influence the voluntary auditor switching. This is because in the event of disagreement between the client and the company regarding audit fees, it will cause the client to move to the company that offers more audit fees in accordance with the wishes of the client. Therefore, companies that have a disagreement regarding the audit fee will tend to do voluntary auditor switching.

Amid the issue of difference of opinion regarding the benefits and disadvantages of the Public Accounting Firm switching periodically, a voluntary Public Accounting Firm switching in Indonesia is categorized in the high category. It can be seen by the data obtained from the Indonesian Capital Market Directory (ICMD) which showed that more than 50% of real estate companies and properties are listed in a row on the Stock Exchange during 2008-2013 has Public Accounting Firm switching outside of government regulation. Public Accounting Firm switching is also important as a study in a form of surveillance, control, and support for the development of the public accounting profession in Indonesia.

This research is a development research that was conducted by Juliantari and Rasmini (2013). This study re-examines the relationship between the dependent variable of Public Accounting Firm switching (y), the independent variable in

form of the company size (x1), the size of the customer's company (x2), and the management switching (x3). It is because the three independent variables have outcomes that are not consistent with the previous studies. It is important to re-examine. Researchers also added two independent variables that were not considered in previous studies, namely financial distress (x4), and audit fees (x5). Both independent variables are a limitation of the study and suggestions from previous studies. In which, theoretically, financial distress and the audit fee are thought to have an influence on the change of Public Accounting Firm and also there is inconsistency results from previous studies on these two variables. This study used a longer sampling period that is from 2008 - 2013 and in different sectors of the company, which is in real estate and property companies listed on the Indonesia Stock Exchange.

METHODS

This research is a quantitative causality that aims to explain the relationship and influence between two or more symptoms or variables and the development over previous studies. This study aims to examine the effect of the independent variables such as the size of the company, the size of the client company, the change of management, financial distress, and audit fees to the dependent variable, namely voluntary auditor switching. Each variable and its measurement described as follows:

First, voluntary auditor switching (SWITCH) occurs whether or not voluntary auditor switching within the client company. This variable uses the nominal measurement scale and a dummy variable, if companies do voluntary auditor switching then coded 1 and if not then coded 0.

Second, the size of Public Accounting Firm is the difference in Public Accounting Firm scale used by client companies which are classified into two, namely the Big Four and Non Big Four. This variable uses the nominal measurement scale and a dummy variable, if the client companies audited by the Big Four Company then coded 1 and if the client company audited by non-Big Four Company then coded 0 (Nasser, et al., 2006).

Third, the size of the client company (CLIENT) is a scale to determine the size of the company through company financial factors. In this research, the company size proxies in total assets of the company as practiced by Nasser et al. (2006). Variable size uses the client company and the ratio scale of measurement in this study were calculated using the logarithm of the total assets of the company (Nasser, et al., 2006).

Fourth, management switch (CEO) is defined by whether or not the director changed the company's key clients. This variable uses the nominal measurement

scale and a dummy variable, if the client does the management change is coded 1 and if the client does not perform the management change is coded 0 (Abdillah and Sabeni, 2013).

Fifth, financial distress (DER) is the ratio of the company's financial difficulties which is proxied by using the Debt to Equity Ratio (DER). DER value is above 100% is one of the indicators of companies experiencing financial distress. Financial distress variable uses the nominal measurement scale and a dummy variable. If the company has a DER ratio above 100%, it is given a code 1, whereas if the client company has DER ratio below 100%, then the given code 0 (Wijayani and Januarti, 2011).

Sixth, the audit fee (ESF) is the amount of fees paid by the company to the auditor on the financial statements audit services. Due to the lack of information regarding the audit fee, then used assumptions change class, the class displacement Public Accounting Firm of the Big Four to non-Big Four and vice versa (Damayanti and Sudarma, 2007). Audit fee variable uses the nominal measurement scale and a dummy variable. If clients do Public Accounting Firm class change, then given a code 1. Meanwhile, if the client does not do change the class, then the given code 0 (Damayanti and Sudarma, 2007).

The population in this study is all real estate companies and property that GoPublic listed on the Indonesia Stock Exchange (IDX) and actively recorded from 2008 - 2013. The sampling method used in this study is the selected sampling (non-probability sampling) with purposive sampling (Divianto, 2011). Based on the criteria used there are 21 companies that meet the criteria, so there are 126 observations in the six-year study (2008-2013).

Data type in this study was pooled data (panel data) which has multiple objects and multiple time periods. Data used in this research is secondary data by using documentation technique such as audited financial statements of real estate and property companies listed on the Stock Exchange of the years 2008-2013 that was obtained from the Indonesian Capital Market Directory (ICMD), which is available at the BEI Corner at State University of Malang, from the official website of the Stock Exchange that www.idx.co.id, and on the official website of each company.

Data analysis used in this study is the logistic regression analysis. This is because the dependent variable used dichotomous (voluntary auditor does not perform voluntary switching). The use of logistic regression method does not require the assumption of normality in the independent variable. It means that the explaining variable do not have a normal distribution, linear, and have the same variance in each group. Gujarati (2003) stated that the logistic regression also ignore the heteroscedacity problem. The dependent variable does not require

homoscedacity for each independent variable, so that only the analysis stage will consist of descriptive statistical explanation and research hypothesis testing.

The regression model in this study can be formulated as follow:

$$\text{SWITCH} = \beta_0 - \beta_1 \text{ACCOUNTING FIRM} - \beta_2 \text{KLIEN} + \beta_3 \text{CEO} + \beta_4 \text{DER} + \beta_5 \text{FEE} + e$$

In which:

SWITCH = Voluntary Auditor Switching

β_0 = Constanta

β_1 - β_5 = Regression Flow Coefficient

KAP = Public Accounting Firm Size

KLIEN = Client's Company Size

CEO = Management Switching

DER = Financial Distress

FEE = Fee Audit

e = Error (other variables that have not explained in this model)

RESULT

Variable Description

Table 1
Descriptive Statistics

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
SWITCH	126	0	1	,33	,473
KAP	126	0	1	,15	,359
KLIEN	126	11,47	16,82	13,7238	1,41092
CEO	126	0	1	,13	,343
DER	126	0	1	,21	,406
FEE	126	0	1	,06	,230
Valid N (list wise)	126				

The analysis results by using descriptive statistics of the voluntary auditor switching (SWITCH) variable shows a minimum value of 0, the maximum value of 1, the average value is 0:33 and standard deviation is 0.473. The value of voluntary

auditor switching variable (SWITCH) has an average of 0.33 that is smaller than 0.50, it indicates that the value of 0 is more common than the value of 1 or in other words, more and more companies are not doing voluntary sample switching auditors.

The analysis result by using descriptive statistics of the Public Accounting Firm size variable (KAP) showed a minimum value of 0, the maximum value of 1, with an average value of 0.15 and a standard deviation value of 0.359. The value of the variable size of Public Accounting Firm has an average of 0.15 that is smaller than 0.50, it indicates that the value of 0 is more common than the value of 1 or in other words, more and more companies are using Public Accounting Firm small samples (Non Big Four).

The analysis results of using descriptive statistics for the company client size variable (CLIENT) shows the minimum value of 11:47, the maximum value of 16.82, with an average of 13.72 and a standard deviation value of 1:41. The value of the variable size of the client company (CLIENT) has an average of 13, 72 closer to the minimum value, it indicates that more companies sample which has relatively small company size.

The analysis results by using descriptive statistics of the variables change of management (CEO) shows a minimum value of 0, the maximum value of 1, and the average value of 0:13 and standard deviation value 0.343. Management turn over variable (CEO) Value has an average of 0.13 smaller than 0.50, it indicates that the value 0 is more common than the value of 1 or in other words, more and more samples companies do not make management switching.

The analysis result by using descriptive statistics of the variables of financial distress (DER) showed a minimum value of 0, the maximum value of 1, and the average value of 0:21 and standard deviation value of 0.406. The value of financial distress (DER) variable has an average of 0.21 that is smaller than 0.50, it indicates that the value of 0 is more common than the value of 1 or in other words, more and more samples companies do not experience financial distress.

The analysis results by using descriptive statistics of the audit fee (ESF) variable shows a minimum value of 0, the maximum value of 1, with an average value of 0.06 and a standard deviation value of 0.230. Audit fee variable value (ESF) has an average of 0.06 that is smaller than 0.50, it indicates that the value of 0 is more common than the value of 1 or in other words, more and more companies sample that do not do change class.

The Research Hypothesis Testing

The value-2 Log Likelihood (-2LL) at the start (Block Number=0) with a value of-2 Log Likelihood (-2LL) at the end(Block Number=1). -2 LL Value at the beginning is

160.402. Having entered the fifth in dependent variable, then the value at the end-2LL decreased to 122.959. Decreased Likelihood (-2LL) shows that the regression model better or hypothesized model fit to the data. The result of the overall suitability of the model can be seen in the following table:

Table 2
The Result of Overall Model Fit Test

		<i>Iteration History^{a,b,c,d}</i>						
<i>Iteration</i>		<i>-2 Log likelihood</i>	<i>Coefficients</i>					
			<i>Constant</i>	<i>KAP</i>	<i>KLIEN</i>	<i>CEO</i>	<i>DER</i>	<i>FEE</i>
Step 1	1	129,585	2,322	-,628	-,233	1,205	-,252	3,482
	2	125,299	3,120	-1,484	-,297	1,303	-,363	5,319
	3	123,851	3,160	-2,461	-,300	1,300	-,374	7,148
	4	123,293	3,148	-3,450	-,299	1,297	-,369	9,076
	5	123,083	3,146	-4,445	-,298	1,296	-,368	11,048
	6	123,004	3,145	-5,442	-,298	1,296	-,368	13,038
	7	122,975	3,145	-6,441	-,298	1,296	-,368	15,035
	8	122,965	3,145	-7,441	-,298	1,296	-,368	17,033
	9	122,961	3,145	-8,441	-,298	1,296	-,368	19,033
	10	122,959	3,145	-9,441	-,298	1,296	-,368	21,033
	11	122,959	3,145	-10,441	-,298	1,296	-,368	23,032
	12	122,959	3,145	-11,441	-,298	1,296	-,368	25,032
	13	122,959	3,145	-12,441	-,298	1,296	-,368	27,032
	14	122,959	3,145	-13,441	-,298	1,296	-,368	29,032
	15	122,959	3,145	-14,441	-,298	1,296	-,368	31,032
	16	122,959	3,145	-15,441	-,298	1,296	-,368	33,032
	17	122,959	3,145	-16,441	-,298	1,296	-,368	35,032
	18	122,959	3,145	-17,441	-,298	1,296	-,368	37,032
	19	122,959	3,145	-18,441	-,298	1,296	-,368	39,032
	20	122,959	3,145	-19,441	-,298	1,296	-,368	41,032

Initial -2 Log Likelihood: 160,402

Source: Output SPSS

The value of the coefficient of determination in the logistic regression model is indicated by the Nagelkerke R Square value. Nagelkerke R Square value of the results of the analysis is at 0.357 which means that the variability of the dependent variable can be explained by the independent variables that is 35.7%, while the remaining 64.3% is explained by other variables outside the model study. The following table test results coefficient of determination:

Table 3
The Result of Coefficient Determination Test

<i>Summary Model</i>			
<i>Step</i>	<i>-2 Log likelihood</i>	<i>Cox & Snell R Square</i>	<i>Nagelkerke R Square</i>
1	122,959 ^a	,257	,357

Source: SPSS Output

Hosmerand Lemeshow's Goodness of Fit Test Chi-Square Testing shows the value of 6.449 with a significance (p) of 0,597. Based on these results, the significance value is greater than 0.05, it can be concluded the model was able to predict the observation value. The results of the feasibility test regression models are presented in the following table:

Table 4
The Result of Feasibility Regression Test Model

<i>Hosmer and Lemeshow Test</i>			
<i>Step</i>	<i>Chi-square</i>	<i>Df</i>	<i>Sig.</i>
1	6,449	8	,597

Source: SPSS Output

A good regression model is a regression that has the absence of symptoms that has a strong correlation between the independent variables. This test uses the correlation matrix to see the magnitude of the correlation between the independent variables. The test results showed no correlation matrix correlation coefficient between variables whose value is greater than 0.8, it can be concluded that there are no serious multicollinearity symptoms among the independent variables. The result of multicollinearity between the independent variable is presented in the following table:

Table 5
The Result of Multicolinierity Test

		<i>Correlation Matrix</i>					
		<i>Constant</i>	<i>KAP</i>	<i>KLIEN</i>	<i>CEO</i>	<i>DER</i>	<i>FEE</i>
Step 1	Constant	1,000	,000	-,993	,074	,024	,000
	KAP	,000	1,000	,000	,000	,000	-,540
	KLIEN	-,993	,000	1,000	-,123	-,070	,000
	CEO	,074	,000	-,123	1,000	,072	,000
	DER	,024	,000	-,070	,072	1,000	,000
	FEE	,000	-,540	,000	,000	,000	1,000

Source: SPSS Output

The matrix classification shows the predictive power of the regression model to predict the likelihood of voluntary auditor switching that is done by the company. The predictive power of the regression model to predict the likelihood of companies doing voluntary auditor switching that is 38.1%. This shows that by using a regression model is used, there are as many as 16 companies (38.1%) that are expected to submit a voluntary auditor switching from a total of 42 companies doing voluntary auditor switching.

The predictive power of the model companies that do not perform auditors voluntary switching is 92.9%, which means that the regression model used is 78 companies (92.9%) that were predicted not to do voluntary auditor switching from a total of 84 companies that do not perform voluntary auditor switching. Thus, it can be concluded that the predictive power of the regression model is equal to 74.6%. The following is a table of test results of the classification matrix:

Table 6
The Result of Matriks Classification Test

		<i>Classification Table^a</i>			
		<i>Observed</i>	<i>Predicted</i>		<i>Percentage Correct</i>
			<i>SWITCH</i>		
			0	1	
Step 1	SWITCH	0	78	6	92,9
		1	26	16	38,1
	Overall Percentage				74,6

Source: SPSS Output

The result of regression logistic model is presented in the following table:

Table 7
The Result of Logistic Regression Test

		<i>Variables in the Equation</i>					
		<i>B</i>	<i>S.E.</i>	<i>Wald</i>	<i>Df</i>	<i>Sig.</i>	<i>Note</i>
Step	KAP	-19,441	8614,341	,000	1	,998	
1 ^a							Not Significant
	KLIEN	-,298	,174	2,940	1	,086	Not Significant
	CEO	1,296	,566	5,236	1	,022	Significant
	DER	-,368	,583	,398	1	,528	Not Significant
	FEE	41,032	15939,724	,000	1	,998	Not Significant
	Constant	3,145	2,302	1,867	1	,172	

a. Variable(s) entered on step 1: KAP, KLIEN, CEO, DER, FEE.

Source: SPSS Output

The test result on regression coefficient gained the following model:

$$\text{SWITCH} = 3,145 - 19,441 \text{ ACCOUNTING FIRM} - 0,298 \text{ KLIEN} + 1,296 \text{ CEO} - 0,368 \text{ DER} + 41,032 \text{ FEE} + e$$

The results of logistic regression test used in testing the research hypotheses by comparing the level of significance (sig.) with a tolerable error rate (α) = 5%. Thus, the results of this study can be interpreted as follows:

The first hypothesis (H1) stated that the size of the company has significant negative effect on voluntary auditor switching. The results show the company size variable indicates a negative regression coefficient of 19.441 with a significance level of 0.998, greater than $\alpha = 5\%$, so that H0 is not rejected. Based on this, it can be concluded that the size of the company has not significant negative effect on voluntary auditor switching.

The second hypothesis (H2) stated that the size of the client companies has significant negative effect on voluntary auditor switching. The results show the client company size variables showed negative regression coefficient of 0.298 with a significance level of 0.086, greater than $\alpha = 5\%$, so that H0 is not rejected. Based on this, it can be concluded that the size of the client company has no significant negative effect on voluntary auditor switching.

The third hypothesis (H3) stated that the management switching has significant positive effect on voluntary auditor switching. The results show that management switching variable showed a positive regression coefficient of 1.296 with a significance level of 0.022, smaller than $\alpha = 5\%$, so that H0 is rejected.

Based on this, we can conclude that β coefficient has positive and smaller significance level of 5% proves that management switching has significant positive effect on voluntary auditor switching.

The fourth hypothesis (H4) stated that financial distress has significant positive effect on voluntary auditor switching. The test results indicate that financial distress variables showed negative regression coefficient of 0.368 with a significance level of 0.528, that is greater than $\alpha = 5\%$, so that H0 is not rejected.

Based on this, we can conclude that the financial distress has not significant positive effect on voluntary auditor switching and β coefficient indicates a different direction with the development of hypotheses.

The fifth hypothesis (H5) stated that the audit fee has a significant positive effect on Public Accounting Firm switching. The results show that audit fee variable has a positive regression coefficient of 41.032 with a significance level of 0.998, greater than $\alpha = 5\%$, so that H0 is not rejected. Based on this, it can be concluded that the fee does not affect the voluntary audit auditor switching.

DISCUSSION

The Effect of Public Accounting Firm Size on Voluntary Auditor Switching Public Accounting Firm size is proven has no effect on voluntary audit or switching on real estate and property companies listed on the Indonesia Stock Exchange in 2008-2013. The company is proven will not retain its Big Four Public Accounting Firm compared with non-Big Four KAP. The level of expertise and audit quality offered by the company is not determined by the classification of the Big Four or non Big Four. Increasing the number of Public Accounting Firm in the country affiliated with the Office of Foreign Public Accountant (KAPA) or incorporated in Foreign Accounting Organization (OAA) a part from the Big Four provide a wider choice for the company to get a quality audit. In addition, the global economic crisis in 2008 and 2013 also affected the company's policies, resulting in the voluntary behavior of auditor switching that is not in accordance with the earlier developed theory.

The company is proven to be flexible in choosing, replacing and maintaining its used KAP. The results are consistent with Divianto (2011) who stated that the difference in the size of the company to be grouped in to the Big Four and Non Big Four has no effect on the change of auditors. Martini (2011) also stated that audit quality is determined by the independence, experience of auditing, account ability and ethics of KAP.

The results of this study do not support the results of previous studies conducted by Juliantari and Rasmini (2013), and Prastiwi and Wilsya (2009) who stated that the company size effect on voluntary auditor switching. However, the results of this study support the results of previous studies conducted by Rumondang and Adri (2013) and Divianto (2011) who stated that the size of the company does not affect the voluntary auditor switching.

The Effect of Client Company Size on Voluntary Auditor Switching

The client company's size is proven has no affect on the voluntary auditor switching on the real estate and property companies listed on the Indonesia Stock Exchange in 2008-2013. Large companies are not proven tend not to do voluntary auditor switching rather than small companies. The company size does not affect the occurrence of voluntary auditor switching. The global economic crisis that occurred in 2008 and 2013 led to the company issuing policies to avoid a crisis, including in terms of Public Accounting Firm switching. It causes the voluntary behavior of auditor switching that is done by the company become incompatible with the theory developed. In addition, the increase or decrease in total assets from year to year can encourage companies to adjust the Public Accounting Firm size used. Therefore, if there is a discrepancy between the company size with the Public Accounting Firm size, then there will be Accounting Firm switching.

The results are consistent with the statement of Wijayani and Januarti (2011) who stated that small companies with total assets do not necessarily tend to make the Public Accounting Firm switching if there has been suitability, because new Public Accounting Firm risk of audit failure is greater than the old KAP. Joher et. al. (2000) stated that the growing scale company, Public Accounting Firm which audit the company must be adjusted. So, if there is a discrepancy between the size of the company with the size of the KAP, then Public Accounting Firm switching will happen.

The results of this study do not support the results of previous studies conducted by Juliantari and Rasmini (2013) and Nasser et al. (2006) which states that the client company size affect the voluntary auditor switching. However, the results of this study support the results of previous studies conducted by Wijayani and Januarti (2011), and Prastiwi and Wilsya (2009) which states that the size of the client company does not affect the voluntary auditor switching.

The Effect of Management Switching on Voluntary Auditor Switching

Management switching is proven to have significant positive effect on voluntary auditor switching on the real estate and property companies listed on the Indonesia Stock Exchange in 2008-2013. It proves that the company that made

the management switching has a high tendency to undertake voluntary auditor switching. The results are consistent with agency theory, proving that with the main director (agent), then the agent will implement policies in accordance with their interests, including the one in the selection of the company. This study supports the statement of Schwartz and Menon (1985) who stated that the company that made the switching will tend to replace the management of the used company Public Accounting Firm because management will seek Public Accounting Firm according to the company. Wijayani and Januarti (2011) also stated that the change of management is also followed by the company in the selection of Public Accounting Firm policy changes.

The results of this study support the results of previous studies conducted by Wijayani and Januarti (2011) and Sulistiarini and Sudarno (2012) who stated that the management switching affect the voluntary auditor switching. However, the results of this study do not support the results of previous studies conducted by Juliantari and Rasmini (2013) and Damayanti and Sudarma (2007) who stated that the management switching does not affect the voluntary auditor switching.

The Effect of Financial Distress on Voluntary Auditor Switching

Financial distress is proven to have no effect on the voluntary auditor switching on the real estate and property companies listed on the Indonesia Stock Exchange in 2008-2013. Whether or not the company's financial distress exists is not the cause of the companies doing voluntary auditor switching. For companies that are experiencing financial distress, replacing the old Public Accounting Firm can actually worsen the company's financial condition, as new Public Accounting Firm that has no experience in auditing the company will charge higher audit (start-ups) than the old KAP. In addition, the success of the audit is needed to improve the confidence of the shareholders and creditors can not be given with certainty by the new KAP. This is because the new Public Accounting Firm that has no experience in auditing the company, it has the risk of audit failure that is higher.

Companies prefer to maintain the old Public Accounting Firm they use when experiencing financial distress. The results are consistent with the statement by Wijayani and Januati (2011) stated that if a company is experiencing financial difficulties replace Public Accounting Firm is used, it will cause a negative perception of the shareholders and creditors. It makes the decision to replace the old Public Accounting Firm become less apt to overcome financial difficulties and to improve the trust principal.

The results of this study do not support the results of previous studies conducted by Febriana (2012) and Nasseretal. (2006) which stated that the financial distress affect the voluntary auditor switching. However, the results of this study

support the results of previous studies conducted by Lestari (2012) and Damayanti and Sudarma (2007) which stated that the financial distress does not affect the voluntary auditor switching.

The Effect of Voluntary Audit Fee on Auditor Switching

Audit fee is proven has no effect on voluntary auditor switching on the real estate and property companies listed on the Indonesia Stock Exchange in 2008-2013. Companies that have not discrepancy audit fees tend to do voluntary auditor switching. Audit quality, independence, audit experience, and accountability into the cause of the company still uses the old Public Accounting Firm despite having to pay higher audit fees. In addition, higher start-up cost is also cause the company to not change KAP. Thus, by replacing the old Public Accounting Firm company will not necessarily get cheaper audit fee. Limited information on audit fees makes assumptions used in this study to be able to measure it. In which, assumptions used are class change that can not describe the real situation regarding the effect of the voluntary audit fee auditor switching, thus affecting the results of the research.

The results in this study can not prove that the discrepancy on the audit fee would encourage companies to undertake voluntary auditor switching. The results are consistent with Lestari (2012) that stated that the high audit fees will not necessarily result in the company to replace the old KAP. Quality audits, audit experience, accountability of old Public Accounting Firm can be the cause of the company still uses the old Public Accounting Firm despite having to pay higher audit fees.

The results of this study do not support the results of previous studies conducted by Wijayanti (2010) and Damayanti and Sudarma (2007) which stated that the audit fee affect the voluntary auditor switching. However, the results of this study support the results of previous studies conducted by Suryono et.al. (2013) and Lestari (2012) which stated that the audit fee does not affect the voluntary auditor switching.

CONCLUSIONS AND SUGGESTIONS

Based on test results and discussion, the five variables are expected to affect the voluntary auditor switching(Public Accounting Firm size, client's company size, the management switching, financial distress, and audit fees), it could be concluded that only a management switching which proved significant positive effect on voluntary auditor switching. It means that if the company is replacing its leader, it will encourage companies to undertake voluntary audit or switching. While the size of the company, the size of the client company, financial distress, and audit fees are not shown to affect the voluntary auditor switching. It means that the

difference between Public Accounting Firm Big Four and Non Big Four, the total assets owned by the company, the ratio of high DER, and non compliance with audit fees not encourage companies to undertake voluntary auditor switching.

This study has several limitations. First, a smaller proportion of the use of Public Accounting Firm Big Four on real estate companies and property in 2008-2013, only 15% of the total sample. Therefore, the imbalance between the number of clients house Public Accounting Firm Big Four and Public Accounting Firm Non Big Four, minimize the possibility of voluntary behavior of switching auditors in accordance with the development of hypotheses, thus, affecting the results. Second, the measurement of the client's company size is only on the total assets of the company in 2008-2013, while the increase or decrease in the total assets of the company are not considered in this study, thus affecting the results. Third, the use of assumptions to measure the audit fee is change class which cannot describe the circumstances of the audit fee, thus affecting the results of the research.

Based on these limitations, there are some suggestions for further researchers. First, further researchers can use the object of research in different sectors of the company so that similar research can continue to grow, or use an object of research all companies listed on the Indonesia Stock Exchange in order to obtain better generalization theory. Second, if future researchers examine the effect of the Public Accounting Firm size on voluntary auditor switching, it can group Accounting Firm to be affiliated with the Office of Foreign Public Accountant (KAPA) or incorporated in Foreign Accounting Organization (OAA), and the company that is not affiliated with or incorporated in KAPA and OAA. Third, if future researchers examine the effect of the client company's size return on voluntary auditor switching, it can consider the rise and fall of the total assets of the client company. Fourth, if further researchers re-examine the effect of the audit fee on voluntary auditor switching, it can consider the use of other assumptions to describe the audit fee.

Governments need to develop regulations governing the public accounting profession, especially with consideration that affiliate or joining the company in the country by the Office of Foreign Public Accountant (KAPA) and Organization of Foreign Accountants (OAA), management switching and other related factors, and increase transparency of the process audit by requiring published audit fee. This is to support the development of public accounting profession to be more qualified and add legal umbrella shade for accounting profession. This is because in the modern economy and globalization, accountant becomes a very important role in the development of the economy in general. Public accounting as an audit service provider must ensure the independence, professionalism and comply with regulations that audit quality is high and increasing client satisfaction. This

is to control the increasing competition among the company to attract and retain clients, and avoid the risk of a decrease in audit quality and auditor independence.

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