

**AUDITOR SWITCHING'S FACTORS: THE ANALYSIS ON AUDIT DELAY,
CLIENT SIZE, AND AUDIT COMMITTEE CHANGES**

Meryka Kasih

President University Jabababeka

Evita Puspitasari

Universitas Padjadjaran Jl. Dipati Ukur No. 35 Bandung 40132 – Indonesia

+628156072882; evitapuspitagumilar@gmail.com; evita.puspitasari@unpad.ac.id

Abstract

Auditor switching is an event of changing public accounting firm. The purpose of this research is to analyze the effect of independent variables which are audit delay, client size, and audit committee changes toward the dependent variable which is auditor switching in all companies listed on Indonesia Stock Exchange from year 2012-2015.

This research uses logistic regression technique and using all companies listed on Indonesia Stock Exchange as the population. For the sample, it is chosen with using purposive sampling. The sample chosen is 156 companies listed on Indonesia Stock Exchange with 4 years of time period from 2012-2015 with total observation 624 data.

The result from the hypothesis testing showed that all the independent variables are simultaneously give significant effect the dependent variable. It was also found that client size partially has negative significant effect toward auditor switching, meanwhile audit delay and audit committee changes partially has positive but not significant effect the auditor switching.

Keywords: *Audit Committee Changes, Audit Delay, Auditor Switching, Client Size*

JEL Classification: *M42*



INTRODUCTION

In this globalization era, many developed companies from various type of industry appear in Indonesia. The size of the company is also in various scale form the small, medium, and also large company. Along with the appearance, almost all companies need funds whether from stakeholder or lend from creditors for their companies. For investors, they need relevant information and also actual representation to enable them to make comparisons for the efficiency of capital allocation (Kieso et al., 2011). One of elements that people can trust to decide whether to invest or lend their money is with financial reporting. According to Kieso et al. (2011), financial reporting has general purpose to afford financial information of the reporting firm that is useful to present and helpful for investors, lenders, and other creditors while make decision as capital provider in their proportion.

Financial reporting information is provided in the financial statement that prepared for various users. According to Khasharmeh (2015), the reliability of the financial report can provide information that is required by financial statement users such as manager, investors, creditors, and government. The financial statement users only can rely on the information given by the company, if the financial statement is audited and confirmed by objective and independent individual who is auditors in the public accounting firm. Independency of auditor is important ethical principal during the audit process.

Following about independency auditor for the reliable financial statement, still remember Enron Scandal? Enron scandal is scandal that shows about Arthur Andersen as one of big public accounting firm in that time in America (2002) fail to preserve their independency toward Enron as their client. There is moral hazard on Enron Scandal which one of them is Arthur Andersen involved on the manipulation of the financial report that recorded profit but the fact Enron is having loss.

Based on the scandal, the independency of auditor is become a question among public, but beside of that the needed of auditor is also still important and needed by all companies. The public is also only has auditor as the independent and objective individual that can be trusted by them to know whether they can rely on the company's financial statement or not. Regarding the Enron scandal, finally Sarbanes Oxley (2002) is established by Public Company Accounting Oversight Board (PCAOB). Sarbanes Oxley is primarily



designed to regulate company in attempt to assist the ethical behavior and inhibit fraudulent financial reporting (Godfrey et al., 2011). On Sarbanes Oxley, there's also regulation for public accounting firm and also audit partner.

Regarding of that, government in Indonesia also has regulation about auditor switching as mandatory following Sarbanes Oxley (SOX) 2002. For the first, Indonesian's government impose Keputusan Menteri Keuangan No. 423/KMK.06/2002 and changing become Keputusan Menteri Keuangan No. 359/KMK.06/2003 that stated a company must change their public accounting firm for audit in 5 years in a row. The newest version of the regulation is Peraturan Menteri Keuangan Republik Indonesia No. 17/PMK.01/2008 about "Jasa Akuntan Publik" article 3 paragraph 1 that regulate about given general audit service of financial report from entity done by Public Accounting firm maximum for 6 book years in a row and by a public accountant maximum 3 book years in a row. Beside of mandatory regulation, Auditor switching can also happen because of voluntary factors that appear between auditor-client relationships.

There are previous research that had already research about auditor switching. However, the results are not consistent one another. Research done by Chadegani, et al. (2011) about auditor switching in Tehran Stock Exchange showed client size has insignificant effect toward auditor switching. Beside of that, research done in Indonesia by Suparlan & Andayani (2010) found that client size has negative significant effect toward auditor switching which means has different result with research done by Chadegani et al. (2011).

For listed public company, company is obligated to submit their audited financial statement for the financial statement users. Research done by Stocken (2000) found that, audit task completion which has long range time will affected to the delay in the publication of financial statement to the capital market with the result it is affected to the auditor switching. Also research done in Indonesia by Pawitri & Yadnyana (2015) in real estate and property sector in IDX found that audit delay has significant effect toward auditor switching. As also in Indonesia, all public listed company on Indonesia Stock Exchange must have audit committee as stated on the management letter from Indonesia Stock Exchange No: Kep. 339/BEJ/07-2001. Research done by Sulistiarini & Sudarno (2012) with manufacture sector



as sample found that audit committee changes partially not give significant effect toward auditor switching.

Therefore, we try to elaborate the factors that that could affect the auditor switching. The factors that will be analyzed on this research are audit delay, client size, and audit committee changes. This research entitled “Auditor Switching’s Factors: The Analysis on Audit Delay, Client Size, and Audit Committee Changes”.

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Auditor Switching

Auditor switching is an event when the firms as client change their auditor (public accounting firm). Auditor has an important key role in pressing the risk of information which is the main economic reason behind audit and assurance service demand (Chadegani et al., 2011; Khasharmeh, 2015). According to Nasser et al. (2006) along with auditor rotation that is made, the audit tenure become shorter than before, the company will do auditor switching. Auditor switching can happen because of the regulation that is issued and published by the government. In Indonesia, the newest version of the regulation is Peraturan Menteri Keuangan Republik Indonesia Nomor 17/PMK.01/2008 about “Jasa Akuntan Publik” pasal 3 ayat 1 that regulates about given general audit service of financial report from entity done by Public Accounting firm maximum for 6 book years in a row and by a public accountant maximum 3 book years in a row. Due to the regulatory that published by Ministry of finance Indonesia as stated above, company changes their public accounting firm after 6 years of book year no had other reasons as it is a mandatory switching. Beside of the regulation factor, auditor switching is also influenced by others factor in terms of voluntarily switch the auditor (public accounting firm).

Beside of mandatory auditor switching, the factor of auditor switching can be seen from the side of company as client and also the side of the public accounting firm as it is auditor client relationship. Firm that changing their auditor will spend cost that is not supposed to spend out if still using the same auditor. As first time to audit in the new firm, auditor must start again to study and know the new client’s industry, client environment, and



set up audit risk. As it is auditor client relationship, there's a voluntary factor that involved when there's auditor switching.

Audit Delay and Auditor Switching

Audit report lag or audit delay is defined as the number of the days between a firm's fiscal year-end and its audit report date (Schwartz & Soo 1996). This definition is also been used by Nehme at al. (2015) that Audit delay or called also as audit report lag is a time between company's fiscal year-end and the audit report date. Audit delay is related to financial report that audited by the auditors. The length of audit delay is influenced by the difficulty of audit process (Pawitri & Yadnyana, 2015). According to

Azubike and Aggreh (2014), as the audited financial statements in the annual report are the only one source of information that reliable to investors, timeliness of audit report is important factor in appearing and newly developed capital market. When the timeliness of audit delay exceed the due time, it will create issue among public that the company is on the bad state that can impact the image of the company on Indonesia Stock Exchange.

Beside of the corporate image, audit delay can also impact toward the investor's reaction because investor presumption that the late financial report is a bad sign of the company's bad state in financial. In Indonesia, the regulation related to audit delay is made by BAPEPAM as capital market regulatory board. The regulation that issued on 2003 with the decision letter by head of BAPEPAM is Number Kep-36/PM/2003. Since BAPEPAM change into Otoritas Jasa Keuangan (OJK), the newest version of the regulation is OJK Regulation Number Kep-346/BL/2011 that stated annual financial report of public company that has been audited must be submitted to BAPEPAM at least in the third month after company's fiscal year end. It means that the submission of the audited financial report must be on 90 days after company's fiscal year end.

The length of audit delay is influenced by the complexity of audit process. Stocken (2002) stated that audit task completion which has long range time will affected to the delay in the publication of financial statement to the capital market with the result it is affected to the auditor switching. It is supported in the result of previous studies done by Pawitri and Yadnyana (2015) that audit delay has significant effect to auditor switching found that if the



publication of financial statements is postponed then the capital markets will suspicious and give negative evaluation that companies run into problems. Audit delay can impact to stock price and also public and investor's view. When audit delay happens, then many questions will be thought from investors and public about if the company has on the bad state.

According to Robbitasari and Wiratmaja (2013), the delay in publish the financial report might make the firm to change their public accounting firm since it will make suspicion toward financial report user and the firm doesn't want the audit delay happen on the next year. Therefore the first hypothesis is:

H1: Audit Delay has significant positive effect toward auditor switching

Client Size and Auditor Switching

According to Niresh and Velnampy (2014), Firm size is the number and various capacity of production and the capability of a firm to possess or the number and various service of a firm that can provide simultaneously to its customers. The size of the client firm can be described and showed based on total assets or total net sales. Client firm size can also be defined with number of employees and market capitalization. In the agency theory, it is exposed a fact that because of the asymmetrical information, the larger of a firm is, the higher also the inspecting and agency cost is (Zadeh & Eskandari, 2012). The greater the total assets, total net sales, number of employees and market capitalization, the greater the size of a firm itself. The larger asset of the firm, the more capital will flow to the company. In addition, the increasing of sales may also result the faster money turnover. Similarly with the market capitalization, the bigger it is then the company is more realizable and be recognized by public. From those, value of asset is the most stable to measure the firm size.

The choice of public accounting firm can be related to the size of the auditee firm. In research done by Chadegani et al. (2011) in Tehran Stock exchange, it was found that client size has insignificant negative relationship with auditor switching. Meanwhile, research done in Malaysia done by Nazri et al. (2012) found that client size has significant relationship with auditor switching. According to Willenborg, large firms will be forced to contract or change to larger public accounting firm as large firms are normally more complicated in operation and hence, expected to contracted auditors with more skill (Chadegani et al., 2011). Larger



auditee are less likely dismiss and change their auditor. Carcello et al., said the reason is because of the analyst of the financial and the financial press close examination to large firms' auditor dismissal and this factor might avoid larger firm from change their auditor as usually as smaller firm (Nazri et al., 2012).

As Watts & Zimmerman and Hudaib & Cooke say that it has been contended that the bigger auditees, because of the nature complexity of their operations and the expanded gap in the partition amongst management and proprietorship (ownership), request highly public accounting firm to lessen the agency costs and auditors' self-intrigue threat (Chadegani et al., 2011). Commonly, large firms have already hired and used audit service from public accounting firms which have high reputation such as big four. Based on agency theory, agent side will compare the cost with the benefit that will be obtained. The cost that will be used for using new public accounting service will be higher from benefit that could be taken because the start-up cost will increase the agency cost. It means that large firms have lower tendency to do auditor switching compared to the small firms. Therefore the second hypothesis is:

H2: Client Size has significant negative effect toward auditor switching

Audit Committee Changes and Auditor Switching

According to Liu and Sun (2010), in the firm, audit committee has an important role in overlooking, inspecting, and also recommending management and external auditor related in the preparing of financial statements, conducting audits, and performing internal systems of accounting control. Audit committee is a group that was form in the company to help do review and maintain the independency of accountant toward the management of the company. According to Ali (2014), due to the agency relationship between agent and the principal then the need of audit committees arises originally. Basically, Audit committee has duty to provide opinion toward board of commissioner about report or things that want to be delivered by the management to board of commissioner, identified matters that must be concerned by the commissioner, and perform other duties related to the duties of board of commissioner such as reviewing on performance of audit internal, observing and reviewing the competency and independency of external auditor. Through Audit committee has task to observe the external auditor's work while doing audit on the company and surely also has



own criteria regarding the chosen external auditor which become the favorite one that has already fulfil the standard and criteria to do audit on the company (Sulistiari & Sudarno, 2012).

Audit committee in the company has role to observe and review the processing of the financial reporting process on the company. According to Siegel, one of the purposes of the form of audit committee is to recommend on the selection of external auditor (Sulistiari & Sudarno, 2012). Audit committee must approve all non-audit or audit services and audit committee also has responsible to observe the auditor's work, including resolution of the disagreement between management and auditor involved the financial reporting (Arens et al., 2012). Audit committee also has criteria to grading the external auditor choice that audit committee like and has fulfill the standard and it will influence that audit committee changes will impact to change audit firm from he previous one (Sulistiari & Sudarno, 2012). Therefore the third hypothesis is:

H3: Audit committee changes has significant positive effect toward auditor switching

RESEARCH DESIGN

Empirical Design

This research has objective of examining the influence of audit delay, client size, and audit committee changes toward audit delay.

Below is the research model that we use in this study:

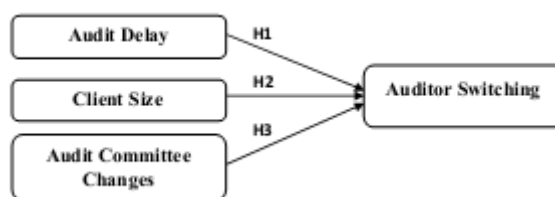


Figure 1

Auditor Switching

The measurement for auditor switching is dummy variable which if there's public accounting firm changes the given value is 1, meanwhile 0 is given if there's no public accounting firm changes.



Audit Delay

Audit delay or audit report lag is measured by seeing the total date closing of company's book which is December 31 st until the date of auditor sign the audited financial report (measured with number of days). This measurement is used commonly as audit delay or audit report lag measurement on literature review (Nehme et al., 2015). It has already been used before by Pawitri & Yadnyana (2015).

Client Size

Nasser et al. (2006) stated that client firm size can be measured based on total asset because the bigger total asset is then the larger also the firm size. Measurement for client size is using natural logarithm of total asset. This measurement has already been used before and as the total asset is the stable one (Chadegani et al., 2011; Suparlan & Andayani, 2010; Nasser et al., 2006).

Audit Committee Changes

Audit committee's regulation is published by PT. Bursa Efek Jakarta so that audit committee is formed in a company. Using measurement from previous research (Sulistiarni & Sudarno 2012), if the audit committee change the given value is 1, if not the given value is 0.

Hypothesis Testing

This research aims are to find empirical evidence of the objective of examining the influence of audit delay, client size, and audit committee changes toward audit delay. To achieve that, we perform regression logistics analysis method to examine the hypotheses and use the help of EVIEWS 9.0.

Therefore, the equation model using multiple linear regressions with for this research is as follow:

$$\text{AUSWITCH} = \beta_0 + \beta_1. \text{AD} + \beta_2. \text{LNTA} + \beta_3. \text{AC} + e$$



Description:

AUSWITCH: Auditor Switching

β_0 : Constanta

$\beta_1, \beta_2, \beta_3$: Coefficient of Independent Variables

AD: Audit Delay

LNTA: Client Size (Ln Asset)

AC: Audit Committee Changes

e: Error term

Sample

The data that is gathered from Indonesia Stock Exchange (IDX)'s website (www.idx.co.id) and take the audited financial statements of each company listed there. The information in IDX website and in the audited financial statements are used to analyze the influences of independent variables toward the dependent variable in this study.

Data panel is used to measure the variable which combine time series and cross sectional data. The time series data that will be used is 4 years started from 2012 until 2015. While, the cross sectional data is the number of companies mixed sector. Therefore, this research will observe and analyze data in total of 156 companies and it is equal to 624 data in total.

RESULTS

Descriptive Analysis

Auditor Switching (AUSWITCH)

Auditor switching (AUSWITCH) was measured with dummy variable with given value 1 if there were auditor switching and 0 if not. From the data, the result of dependent variable frequencies were 402 observations; with percentage 64.42% were not doing auditor switching meanwhile 222 observations with percentage 35.58% were doing auditor switching. From the result of descriptive statistic on table 4.2, the mean of 28 this variable



was 0.355769 with standard deviation value 0.479130. The minimum number which was equal 0 meanwhile the maximum number is equal to 1.

Audit Delay (AD)

Audit Delay (AD) showed the number of the days between a firm's fiscal year-end and its audit report date. From the result of descriptive statistic data, the mean of this variable was 80 days which means that average of auditor independent letter issued was 80 days after firm's fiscal year-end with standard deviation value 20 days. The shortest day of the auditor independent letter issued after firm's fiscal year-end is 15 days which was Adira Dinamika Multifinance Tbk that was audited by Ernest & Young and the longest day is 180 days which was Benakat Integra Tbk that was audited by BDO.

Client Size (LNTA)

Client size (LNTA) measured with the natural logarithm of total asset. From the descriptive statistic data, the mean of client's size on this research was Rp 17,196,803,231,150 (27.87338) with standard deviation Rp 76,703,585,733,287 (2.048065). The smallest client size on this research was PT Rimo International Lestari Tbk in 2013 with total asset amounted Rp 5,081,024,411 (22.3488) and the largest client size on this research was Bank Mandiri in 2014 with total asset amounted Rp 855,039,673,000,000 (34.38217).

Audit Committee Changes (AC)

Audit Committee Changes (AC) measured with dummy variable with given value 1 if there were changes on audit committee and 0 if not. From the data, the result of variable frequencies of audit committee changes was that there are 497 observations sample with percentage 79.65% were not having audit committee changes. Meanwhile 127 observations sample with percentage 20.35% were having audit committee changes. From the result of descriptive statistic data, the mean of this variable was 0.203526 with standard deviation value 0.402943. The minimum number which was equal to 0 meanwhile the maximum number was equal to 1.



Results

From the result, it was shown that the probability value for variable Client Size (LnTA) gave negative and significant effect toward auditor switching partially statistically with probability value of 0.0252. However, variable Audit Delay and Audit Committee Changes showed positive hence statistically insignificant effect toward auditor switching with probability 0.1492 and 0.6795.

DISCUSSION

The Effect of Audit Delay Towards Auditor Switching

From the result, it showed that audit delay gives positive, but insignificant statistical effect toward auditor switching. Since the p-value was more than 0.05 which is equal to 0.1492. The result proved that audit delay in partial and statistical did not give significant effect toward auditor switching. Then hypothesis one (H1) was rejected. This result is not in accordance with the previous research that done by Pawitri & Yadnyana (2015) which stated that audit delay in partial give positive and significant effect toward auditor switching. It could be explained that if audit delay was high then the auditor switching will also high but the effect was not significant to the auditor switching. If the auditor could finish the independent audit report, it can be said that it was still decent to still use the service of the same public accounting firm.

Meanwhile, if the longer auditors finished the audit report, the firms tended to change the previous auditor with the new one. But this situation did not always happen. If the auditor finished the audit report still on the range time that issued by Otoritas Jasa Keuangan (OJK) which was not more than 90 days after the year end closed book, the firm will think again before changing the auditor. Since there's a probability changing auditor would also take risk as the new auditor should understand more the new client and could cause also more audit delay because it would take more time to do audit.

Beside of that, in the sample of this research, audit delay had mean amounted 79.93109 or 80 days. It could be explained that the firm as the sample of this research had



average time 80 days to submit their audited financial statement which is under 90 days and still on the range time set by Otoritas Jasa Keuangan..

The Effect of Client Size Toward Auditor Switching

From the result, it shows that client size gave negative, but significant statically effect toward auditor switching. Since the p-value was less than 0.05 which was equal to 0.0252. The result proved that client size did give negative significant effect toward auditor switching. It could be concluded that second hypothesis (H2) in this research was accepted.

The result was not in accordance with Chadegani et al. (2011) that found client size gave negative insignificant effect and also with Nazri et al. (2012) that found client size had positive significant effect toward auditor switching. But the result from this research was accordance with Suparlan & Andayani (2010) that client size was give negative significant effect toward auditor switching.

On this research, regression coefficient of client size (LnTA) had negative influence toward auditor switching, in where client with smaller total asset more often changing their auditor. Meanwhile larger firm tended to not doing auditor switching compared to small firm. The larger a firm, they pretended not to change public accounting firm because commonly larger firm had already used assurance service from big public accounting firm such as big 4. It would also make large firm to spend more cost if they changed their public accounting firm because a large firm had more complexity; that the firm bared the fact that process of audit would start from the beginning because new auditor had to understand more client business risk and understanding financial condition of their new client.

It is along with Watts & Zimmerman and Hudaib & Cooke that said larger firm because of their nature complexity of their operation request highly public accounting firm to lessen the agency cost and auditors' self-intrigue threat (Chadegani et al., 2011). Also According to Suparlan and Andayani (2010), with the complexity of the auditee, larger client mostly did not changed their public accounting firm because client believed that the previous public accounting firm is easier to understand the situation and condition of the client's firm, meanwhile the smaller client firm prompted to change their public accounting firm and found public accounting firm with not expensive fee.



On this research, it was strengthen with observation that we had done about client size and auditor switching. PT Rimo International Lestari Tbk. (RIMO) as the smallest client firm size on this research that on trade, service, and investment sector on 4 years they already changed their public accounting firm. On 2011, the firm use KAP Achmad, Rasyid, Hisbullah & Jerry and change their KAP on 2012 to KAP Hasnil, M. Yasin & Rekan and still on 2013. On 2014, the firm used assurance service from KAP Jamaludin, Ardi, Sukimto & Rekan and still on 2015.

The Effect of Audit Committee Changes Toward Auditor Switching

From the result, it showed that audit committee changes gave positive, but insignificant influenced toward auditor switching. Since the p-value was more than 0.05 which was equal to 0.6795. The result showed that audit committee changes did not give significant effect toward auditor switching. In this research, the regression coefficient of audit committee changes was positive, which meant that the more audit committee change, the higher also the company would change their auditors. It could be concluded that H3 was rejected since the p-value was more than 0.05.

The result of this research showed that the changes on audit committee in the firm not suddenly make the audit committee to change their auditor to the new one. Especially when the company had already used audit service from public accounting firm with good reputation and understand more about their financial condition of the company. It was also supported by Beattie and Fearnley (1998) that found generally audit committee had played a passive role in the process of auditor change in tendency. The changes on audit committee did not give influence for pointing new public accounting firm which was different from the previous one. This result was in accordance with previous research done by Sulistiarini & Sudarno (2012).

CONCLUSION & IMPLICATION

Audit delay had positive insignificantly effects toward auditor switching. This result showed that the longer auditor released the independent auditor report, the higher also the auditor switching even it was not significantly influence the auditor switching.



Client size has negative significantly effects toward auditor switching. This result showed that the larger a firm, the lower also auditor switching happened. Larger company had lower tendency to change their auditor compared to small company.

Audit committee changes had positive insignificantly effects toward auditor switching. This result showed that the higher audit committee changes, the higher also auditor switching happened. But statistically, it was not significantly influencing the auditor switching.

Public accounting firm/auditors could keep the independency that they already had right now and increasing the quality of audit and also that public accounting firm/auditors could keep their timeliness on finishing the audited financial report. Public accounting firm/auditors could also join or hold various activities such as seminar or training about the updated regulation, PSAK, and others. From that, it was hoped that auditors and public accounting firms can give assurance service better to client firm than before.

REFERENCES

- Ali, A. A. (2014). Corporate Governance: The Role and Effectiveness of the Audit. *International Journal of Business and Management*, 131-137.
- Arens, A. A., Elder, R. J., & Beasley, M. (2012). *Auditing and Assurance Services: An Integrated Approach*. New Jersey: Pearson Prentice Hall.
- Azubike, J., & Aggreh, M. (2014). Corporate Governance and Audit Delay in Nigerian Quoted Companies. *European Journal of Accounting Auditing and Finance Research*, 22-33.
- Beattie, V., & Fearnley, S. (1998). Audit market competition: auditor changes and the impact of tendering. *The British Accounting Review*, 261-289.
- Chadegani, A. A., Mohamed, Z. M., & Jari, A. (2011). The Determinant Factors of Auditor Switch among Companies Listed on Tehran Stock Exchange. *International Research Journal of Finance and Economics*, 158-168.
- Ghozali, I. (2011). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 19*. Semarang: Badan Penerbit Universitas Diponegoro.



- Godfrey, J., Hodgson, A., Tarca, A., Hamilton, J., & Holmes, S. (2010). *Accounting Theory*. Queensland: John Wiley & Sons Australia, Ltd.
- Gujarati, D. (2003). *Ekonometrika Dasar*. Jakarta: Edisi Terjemahan, Erlangga.
- Hair JR, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate Data Analysis*. New Jersey: Pearson Prentice Hall.
- Keuangan, K. (n.d.). Retrieved from Sekretariat Jenderal - Kementerian Keuangan: <http://pppk.kemenkeu.go.id/Dokumen/Details/44>
- Khasharmeh, H. A. (2015). Determinants of Auditor Switching in Bahraini's Listed Companies - An Empirical Study. *European Journal of Accounting, Auditing and Finance Research*, 73-99.
- Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2011). *Intermediate Accounting*. John Wiley & Sons, Inc.
- Liu, G., & Sun, J. (2010). Director Tenure and Independent Audit Committee Effectiveness. *International Research Journal of Finance and Economics*, 176-189.
- Nasser, A. T., Wahid, A. E., Nazri, S. N., & Hudaib, M. (2006). Auditor-client relationship: the case of audit tenure and auditor switching in Malaysia. *Managerial Auditing Journal*, 724-737.
- Nazri, S. N., Smith, M., & Ismail, Z. (2012). Factors influencing auditor change: evidence from Malaysia. *Asian Review of Accounting*, 222-240.
- Nehme, R., Assaker, G., & Khalife, R. (2015). Dynamics of Audit Lag - Board of Directors and Audit Committees' Effect. *Corporate Ownership & Control*, 281-294.
- Niresh, J. A., & Velnampy, T. (2014). Firm Size and Profitability: A Study of Listed Manufacturing Firms in Sri Lanka. *International Journal of Business and Management*; Vol. 9, No. 4, 57-64.
- Pawitri, N. M., & Yadnyana, K. (2015). Pengaruh Audit Delay, Opini Audit, Reputasi Auditor dan Pergantian Manajemen pada Voluntary Auditor Switching. *E-jurnal Akuntansi Universitas Udayana*, 214-228.
- Robbitasari, A. P., & Wiratmaja, I. D. (2013). Pengaruh Opini Audit Going Concern, Kepemilikan Institusional, dan Audit Delay pada Voluntary Auditor Switching. *E-Jurnal Akuntansi Universitas Udayana*, 652-665.



- Sarwono, J. (2016). *Prosedur-Prosedur Analisis Populer Aplikasi Riset Skripsi dan Tesis dengan Eviews*. Jakarta: Penerbit Gaya Media.
- Schwartz, K. B., & Soo, B. S. (1996). The Association Between Auditor Changes and Reporting Lags. *Contemporary Accounting Research*, 353-370.
- Sekaran, U., & Bougie, R. (2013). *Research Method for Business*. Wiley.
- Stocken, M. E. (2000). Auditor Conservatism and Opinion Shopping: Influence of Client Switching Expectations on Audit Opinion Decision. The Pennsylvania State University.
- Sulistiarni, E., & Sudarno. (2012). Analisis Faktor-Faktor Pergantian Kantor Akuntan Publik (Studi Empiris pada Perusahaan Manufaktur di Bursa Efek Indonesia Periode 2006-2010). *Diponegoro Journal of Accounting*, 1-12.
- Suparlan, & Andayani, W. (2010). Analisis Empiris Pergantian Kantor Akuntan Publik setelah ada Kewajiban Rotasi Audit. *Simposium Nasional Akuntansi XIII Puwokerto*.
- Zadeh, F. O., & Eskandari, A. (2012). Firm Size As Company's Characteristic and Level of Risk Disclosure: Review on Theories and Literatures. *International Journal of Business and Social Science*, 9-17.



Table Summary of Sample

Company that listed on IDX before January 2012	427
Company that the financial statement or annual report not complete	(44)
Company that not doing auditor switching	(227)
Sample per year	156
Sample period 2012-2015 (156 x 4 years)	624

Industry Type	Sample number	percentage
Financial	32	21%
Manufacture	40	26%
Mining	19	12%
Agriculture	7	4%
Property	14	9%
Service	14	9%
TSI	30	19%
Total	156	100%

Table Descriptive Statistics

Variable	N	Maximum	Minimum	Mean	Std. Deviation
AUSWITCH	624	1	0	0.355769	0.47913
AD	624	180	15	79.93109	19.8011
LNTA	624	34.38217	22.3488	27.87338	2.048065
AC	624	1	0	0.203526	0.402943

Indicator Value	Count	Percent
Auditor Switching		
0	402	64.42 %
1	222	35.58 %
All	624	100 %
Audit Committee Changes		
0	497	79.65 %
1	127	20.35 %
All	624	100 %

Table Logistic Regression Analysis Results

Variable	Coefficient	z-Statistic	Prob.	Effect
AD	0.006279	1.442485	0.1492	Not significant
LNTA	-0.09646	-2.238639	0.0252	Significant
AC	0.086338	0.413203	0.6795	Not significant

Table Coefficient of Determination (Adjusted R²) Result

Pseudo R-squareds	
Cox-Snell	0.014039
Nagelkerke	0.019285