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Factors That Influence Voluntary Auditor Change in Companies Registered in Indonesia Stock Exchange in 2018

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ABSTRACT: The increasing number of KAPs that operate data raises competition between one KAP with another. Thus allowing companies to move KAP to another KAP. Therefore, this study aims to explain and prove the factors that can influence auditor turnover. This research method uses quantitative methods and the type of data used is *cross section*. The population in this study are all major sector companies and manufacturing sectors listed on the Indonesia Stock Exchange in 2018, amounting to 214 companies. While the sample uses the *purposive sampling method*, the number of companies that are sampled is 64 companies. Data collection methods used are secondary data with documentation techniques. Data analysis using descriptive statistical analysis, ordinal regression analysis, and hypothesis testing consisting ofcoefficient of determination (*R Square*), the fitting information model and the feasibility test of the regression model (*goodness of fit test*). Based on the results of statistical tests that have been carried out using theapplication*SPSS v.22*, that audit opinion, management change, *financial distress*, and company growth have no effect on auditor turnover. While the KAP size significantly and positively influences auditor turnover. In addition, the company is expected to follow applicable regulations regarding the change of auditors or audit rotation to avoid *fraud* that might be biased.

Keywords: Audit Opinion, KAP Size, Management Change, *Financial Distress*, Company Growth and Auditor Change.

I. INTRODUCTION

IAI (2012) PSAK 1 reveals that financial statements aim to provide information about the company's financial position, performance and cash flow that is beneficial for most users of the report in order to make economic decisions and management accountability for the use of resources that can be entrusted to them. According to Bayangkara (2016: 11) users of financial statements consist of shareholders, creditors, the government and so on. every company *went public* listed on the Indonesia Stock Exchangemust submit financial statements that have been audited by an independent auditor or Public Accounting Firm (KAP). The increasing need for audit services has an impact on the public accounting profession in Indonesia.

Increasing the number of KAPs that operate can lead to competition between one KAP with one another. thus allowing companies to move KAP to another KAP. The existence of KAP is useful to provide services to audit financial statements conducted by auditors. There are two types of services that KAP can provide, namely *assurance* and *non-assurance services*. Arens, Alvin A. *et al* (2008: 14) states that KAP faces a wider competition inmarkets*insurance* other. Therefore providing quality services must always be the main objective in the KAP business strategy.

Change of auditors by the company can be *mandatory* (mandatory)and *voluntary* (voluntary). auditor changes *Mandatory* occur because of regulations that require auditor changes. Indonesia is one of the countries that regulates auditor rotation. Change of auditors in practice is not only done in amanner*mandatory,* but can be done *voluntarily*. Voluntary auditor changes can be said if the client changes the auditor when there are no regulations that require him to make auditor changes.

One of the tasks of the auditor is to examine the client's financial statements whether the client is in accordance with applicable accounting standards or not, and at the end of the audit the auditor will give an opinion or better known as an audit opinion. An audit opinion is a statement or opinion given by the auditor, and a statement or opinion is given so that the company knows about the reasonableness of its financial statements, (Faradillah and Yahya, 2016). The audit opinion is given by the auditor through several stages of the audit so that the auditor can provide conclusions on the opinion that must be given on the audited financial statements. Audit opinions are often used as an excuse by management to substitute for a firm that is actually still allowed to conduct an audit of the company concerned. However, not always these desires can be fulfilled because the auditor must remain independent in carrying out the audit. Management will dismiss its auditor for the company's unexpected opinion on its financial statements and hope to get an auditor who can fulfill his wishes when changing auditors, (Susan and Trisniawati, 2011).

KAP size is considered to influence the company to make auditor changes. Because companies will usually look for KAPs with high credibility to increase financial credibility on the external side as users of financial statements. The change of management in a company is often accompanied by a change of auditors, because management will look for auditors that are in line with accounting policies and reporting (Susan and Trisniawati, 2011). Auditors are required to follow the will of management, such as the accounting policies used by management. Therefore, management requires auditors who are more qualified and able to meet the demands of the company's growth.

F*inancial distress* is a condition of a company that is in a state of financial distress. Financial condition is a picture of a company, which can be one of the things taken into account in making decisions to change auditors, (Faradila and Yahya, 2016). *Financial distress* can affect the change of auditors in the company. The size of the company is a signal that illustrates whether the company is experiencing growth or not, for example an increase in the number of assets, the amount of income and the number of employees, (Gunady and Mangoting, 2013). So it can be said that along with the growth of the company, it will also increasingly complex operations of the company, (Faradila and Yahya, 2016). Companies that continue to grow will tend to change auditors because they require higher quality auditors.

Examples of cases ofauditor changes *voluntary* in Indonesia are the case of PT InovisiInfracomTbk (INVS), which was sanctioned with a suspension (suspension) of stock trading by PT Indonesia Stock Exchange (IDX), because the IDX found eight errors in the nine months of 2014 financial statements. also appointed a new KAP namely Kreston International (Hendrawinata, Eddy Siddharta, Tanzil, and Partners) to conduct an audit of the company's 2014 financial statements. Previously, Inovisi had used Jamaludin, Ardi, Sukimto, and Partners in the 2013 financial statement audit, (https : //finance.detik.com) accessed on January 29, 2018).

PT InovisiInfracomTbk (INVS) replaced its auditors because the old KAP was a local KAP that only began operating in 2012, and did not have too long flying hours, making the KAP less thorough in conducting audits. Then PT Inovisi appointed Kreston International, which was larger than the previous KAP. KAPs that are affiliated with international KAPs are considered to have a greater standard of quality, experience and expertise compared to KAPs that are not affiliated with foreign KAPs.

Research on auditor turnover has been done a lot before, and based on previous researchers there are several studies that provide different results, such as research conducted by Salim and Rahayu (2014) which found that audit opinion and KAP size had no effect on *auditorsswitching*, while the change of management and *financial distress* affect the *auditorswitching.* This is different from research conducted by Faradila and Yahya (2016) who found that audit opinion and company growth affect *auditor switching,* while *financial distress* does not affect *auditor switching.* Based on the phenomenon and the differences in the results of research conducted by previous researchers. This study wants to explain and prove empirically the Factors Influencing Auditor Change *Voluntary* in Companies Listed on the Indonesia Stock Exchange, including: Does audit opinion affect the change of auditors? Does the KAP size affect the change of audits? Does the change of management affect the change of auditors? Does *financial distress* influence the change of auditors? and does company growth affect auditor turnover?

II. THEORY AND DEVELOPMENT OF HYPOTHESES

Agency Theory Agency

problem is a problem that arises due to a conflict of interest between the *principle* (shareholders) and *agent* (management) because there are no meeting of objectives that are in line between them, (Jensen and Meckling, 1976). The cause of the conflict was due to asymmetric information. Managers who act as *agents* develop moral responsibility to optimize the interests of the *principle*, but on the other hand managers also have their own goals, namely maximizing their welfare and interests. So there is a possibility that *agents* do not always act in the best interests of the *principle*.

A*gent* who does not always act in accordance with the interests of the *principle* triggers a change of management. And generally the new management will apply a new accounting method so that it tends to change auditors who are considered cooperative, (Abdillah and Sabeni, 2013). In this case, the auditor is under pressure from management to support the interests of management itself, for example management expects the auditor to give an unqualified opinion to improve thetrust*principle of*, and this can be a reason for management to change auditors. This is in line with research conducted by Faradila and Yahya (2016) which states that after the *qualified opinion*client gets a, the client will tend to replace his auditor.

Agency theoryalso stated that in the agency relationship will cause *agency costs,* management of a large company is likely to retain auditors to avoid an increase in *agency cost* due to an increase in separation between management and ownership in large-sized companies, (Salim and Rahayu, 2014). In other words, the tendency to switch auditors is lower for large clients than their smaller counterparts and vice versa. Whereas small companies tend to change auditors to increase shareholder confidence and to attract the attention of potential investors.

It aims to boost the company's credibility or at least maintain its credibility. So that if the company's growth is not accompanied by the level of expertise of auditors from a KAP used at the time, then it allows the company to replace its auditor.

Change of Auditors

Substitution of auditors is the behavior carried out by companies to move auditors. Change of auditors by companies occurs when the company environment changes, when it wants to get a more effective auditor or different services, when it wants to enhance the *image* company's, and when it wants to reduce audit costs. In addition, KAP changes also arise due to the influence of auditor market competition, (Aprianti and Hartaty, 2016). Change of auditors can be done by *mandatory* (mandatory)or *Voluntary* (voluntary).

The change of auditor uses the ordinal scale, number 1 for companies that have not changed KAP for six years, number 2 for companies that have not changed KAP for five years, number 3 for companies that have not changed KAP for four years, number 4 for companies that have not not changing KAP for three years, number 5 for companies that have not changed KAP for two years, and number 6 for companies that have not changed KAP for one year. Salim and Rahayu (2014) in their research found that audit opinion and KAP size had no effect on *auditorsswitching*, while the change of management and *financial distress* affect the *auditorswitching.* This is different from research conducted by Faradila and Yahya (2016) who found that audit opinion and company growth affect *auditor switching,* while *financial distress* does not affect *auditor switching.*

Audit Opinion

Audit opinion is a statement or opinion given by the auditor and a statement or opinion given so that the company knows about the reasonableness of its financial statements, (Faradila and Yahya, 2016). According to Tuanakotta (2016: 489), the auditor's opinion depends on or based on the audit findings. The audit opinion is given by the auditor through several stages of the audit so that the auditor can draw conclusions on the opinions that must be given on the audited financial statements. Based on the 2011 Public Accounting Professional Standards, there are five main types of audit reports issued by auditors, namely:

1) Fair Opinion without Exceptions (*Unqualified Opinion*)
2) (*Unqualified Opinion Report With Explanatory LanguageUnqualified Opinion)*
3) Fair Opinions with Exceptions (*Qualified Opinion*)
4) Naturally no opinion *(Adverse*Opinion)
5) Statement Not memeberikan Opinions *(Disclimer*Opinion)

Audit opinion using ordinal*scale,* the numbers 1 to enterprise clients who received the statement did not give an opinion, the number 2 for enterprise clients receiving opinions unnatural, number 3 for enterprise clients who menrima opinions a qualified, numbers 4 for client companies that receive unqualified opinions in explanatory language, and number 5 for client companies that receive unqualified opinions. Researchers found that audit opinion affects the change of auditors, this is because the company will continue to look for auditors who will provide opinions that are in line with their expectations and during that time the company will continue to dismiss auditors who do not meet expectations, (Faradila and Yahya, 2016).

Size of a Public Accounting Firm (KAP)

Size of a Public AccountingTheFirm is a measure used to determine the size of a Public Accounting Firm. KAP size can be said to be large if the KAP is affiliated with *big 4,* has branches and clients of large companies and has a professional staff of more than 25 people. While the KAP size is said to be small if it is not affiliated with *big 4*, does not have branch offices and clients are small companies and the number of professionals is less than 25 people, (Salim and Rahayu, 2014).

KAP size is avariable*dummy.* Number 0 for KAP that is affiliated with KAP *big 4* and number 1 for KAP that is not affiliated with KAP *big4.* Several studies have shown that companies tend to retain their auditors if audited by KAP affiliated withKAP*big 4,* with this it can be concluded that the size of the KAP affects the change of auditors. This was supported by research conducted by Aprianti and Hartaty (2016), Salim and Rahayu (2014), Susan and Trisniawati (2011), and Trisnawati and Wijaya (2009).

Management Substitution

Changes in management in a company can trigger auditor changes. Change of management is a change of company directors that can be caused by the decision of the general meeting of shareholders or the directors stop because of their own volition, so shareholders must replace the new management, namely the president director or CEO. Substitution management is avariable*dummy*. Number 1 for companies that replace CEOs or CEOs, and number 0 for companies that do not change CEOs or CEOs.

Research by Fitriani and Zulaikha (2014) also shows that management changes are not always followed by company policies to change KAPs in accordance with the new management composition desires, because there are several management considerations in doing so, one of which is agency costs.

Financial Distress

F*inancial distress* is a condition of a company that is in a state of financial difficulty or as a condition where the company's operating results are not sufficient to meet the obligations of the company, (Faradila and John, 2016).

Financial distress is calculated using the Altman model. The Altman model is a model used for the purposes of bankruptcy prediction, (Saim and Rahayu, 2014). The measurement of *financial distress* using the Altman model for manufacturing companies is as follows:

$$\mathbf{Z = 0.717\ T_1 + 0.847\ T_2 + 3.107\ T_3 + 0.420\ T_4 + 0.998T_5}$$

The Altman model discriminant zones for manufacturing companies are as follows:

If Z> 2.9 = "safe" zone
If 1.23 <Z <2.9 = "gray" zone
If Z <1.23 = zone "*distress*"

Note:
Z = Bankruptcy index
T_1 = ratio between net working capital to total assets
T_2 = ratio of retained earnings to total assets
T_3 = ratio between EBIT to total assets
T_4 = ratio of equity market value to the value of the liability book
T_5 = The ratio between total sales to total assets.

Fitriani and Zulaikha's research (2014) shows that *financial distress* influences the change of auditors, because the company will adjust the financial condition of the company owned by the amount of costs to pay for public accounting services.

Company Growth

The growth rate of a company is a measure of how well a company maintains its economic position, both in its industry and in overall economic activity, (Aprianti and Hartaty, 2016). The company's growth rate can be measured by the company's sales level, where sales are the company's main activity.

The ratio used in this study to measure the company's growth rate is the percentage of *Return on Assets* (ROA) in a company. The increase in ROA percentage is calculated by dividing the difference between the ROA of a certain year and the previous year with the ROA of the previous year, then multiplied by 100%, (Trisnawati and Wijaya, 2009). As for how to calculate the percentage increase in ROA, namely:

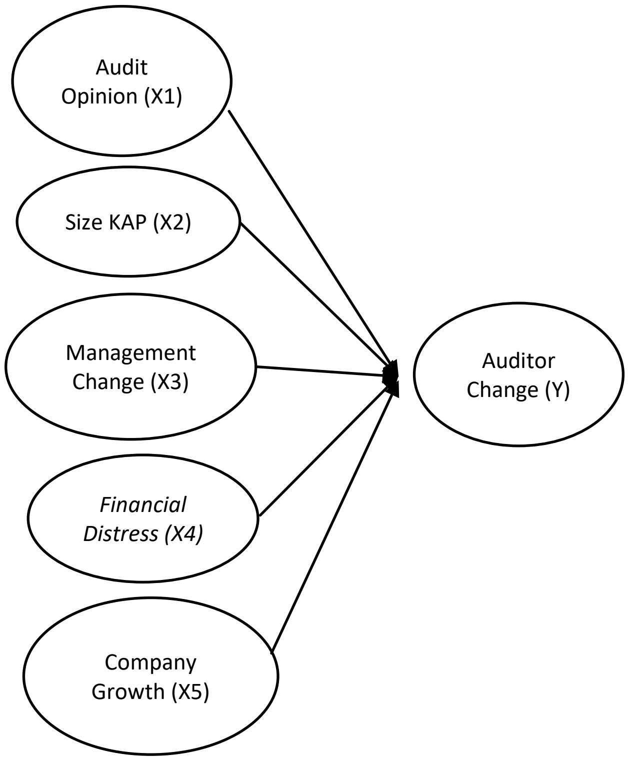
$$ROA = \frac{ROA_t - ROA_{t-1}}{ROA_{t-1}}$$

Note:
ROA = percentage change in ROA period t from period t-1
ROA_t = ROA in period t
ROA_{t-1} = ROA in period t-1

Theoretical Framework

To help understand the factors that influenceauditor turnover *voluntary* in companies listed on the Indonesian stock exchange a theoretical framework is needed. Of the several theoretical foundations from the previous research described above, the theoretical framework for this study is structured as follows:

Picture 2.1 Theoretical



Hypothesis

Thechange of auditors by companies can be *mandatory* (mandatory)and *voluntary* (voluntary). Voluntary auditor changes can be caused by several factors. Audit opinion is one of the factors, because management will dismiss its auditor for opinions that the company does not expect. The next factor is the KAP size, because companies will usually look for KAPs with high credibility to increase financial credibility on the external side as users of financial statements.

The third factor is management change, because management will look for auditors who are in line with accounting policies and reporting. The fourth factor is *financial distress*, companies that experience an unhealthy financial position are likely to use KAPs that have high independence to increase company confidence. The last factor is company growth, because company growth will be accompanied by changes in management and must also be balanced by auditors who are more qualified and have capabilities in accordance with company growth.

Based on several theoretical studies as well as prior research and the above framework, the authors formulated the following hypothesis:

H1: Audit Opinion has a significant positive effect onAuditor Substitution
H2: KAP size has a significant positive effect on Auditor
H3 Substitution: Management Substitution has no effect on Auditor Substitution
H4: *Financial Distress* has a significant positive effect onAuditor Change
H5: Company growth has no effect on auditor turnover

III. RESEARCH METHODS

Data types and Sources

This study takes data from companies listed on the Indonesia Stock Exchange and IDX *Fact Books* 2018 or access to the *Website* IDX(www.idx.co.id). This research uses quantitative methods. While the type of data used is *cross section*data, that is data that has many objects in the same year. The population in this study were all main sector companies and manufacturing sectors registered in the Indonesia Stock Exchange in 2018, amounting to 214 companies, consisting of 62 companies from the main sector and 152 companies from the manufacturing sector (www.idx.co.id). In this study the sample research method used was the *purposive sampling method*. *Purposive*

sampling is a technique for determining samples by using certain criteria. The criteria for sample selection in this study are:
Major sector companies and manufacturing sectors listed on the IDX for
1) 2018 period, as many as 214 companies.
2) There are 19 companies whose financial statements cannot be accessed.
3) There are 45 companies that do not present a complete financial report for 2017-2018.
4) There were 86 companies that did not change auditors.

Judging from the several sample criteria above, the number of companies sampled in this study is 64 companies. Data collection methods used in this study are secondary data. Data in the form of financial and stock reports. While the data collection technique is a documentation technique, where data collection is done by studying, researching, and analyzing the financial statements of the companies that are sampled in this study. Analysis of the data used in this study is descriptive statistical analysis, ordinal regression analysis and hypothesis testing consisting of the coefficient of determination (*R Square*), the fitting information model and the feasibility test of the regression model (*goodness of fit test*). By testing data using theapplication *SPSS v.22.*

Operational Defenition

In this study using one dependent variable, namely the change of auditors. Whereas the independent variable uses five variables, namely audit opinion, KAP size, management change, financial distress, and company growth.

Change of auditor is a behavior carried out by the company to switch auditors. Change of auditors by companies occurs when the company environment changes, when it wants to get a more effective auditor or different services, when it wants to enhance the company's image, and when it wants to reduce audit costs. An audit opinion is a statement or opinion given by the auditor and a statement or opinion given so that the company knows about the reasonableness of its financial statements. Audit opinion is the final result of the auditing process carried out by the auditor. The auditor's opinion is based on the audit findings. KAP size is a measure used to determine the size of a public accounting firm. The KAP size can be said to be large if the KAP is affiliated with big 4, whereas the KAP size is said to be small if it is not affiliated with big 4.

Management change is a change of company directors that can be caused by the decision of the general meeting of shareholders or directors stopping by their own volition, so shareholders must replace the new management, i.e. the managing director or CEO. Financial distress is a condition of a company that is in a state of financial difficulties. Financial distress is defined as a condition where the company's operating results are not enough to meet the company's obligations. Company growth is a measure of how well the company maintains its economic position, both in its industry and in overall economic activity.

IV. RESULTS AND DISCUSSION

Research Reseult
AnalisisStatistikDeskriptif

Table 4.1 UjiStatistikDeskriptif

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
pergantian auditor	64	1,00	5,00	2,5625	1,35547
opini audit	64	3,00	5,00	4,5469	,53243
ukuran KAP	64	,00	1,00	,7500	,43644
pergantian manajemen	64	,00	1,00	,2500	,43644

financial distress	64	-4,46	5,93	1,1852	1,98390
pertumbuhanperusahaan	64	-33,27	478,50	8,4668	60,57493
Valid N (listwise)	64				

Sumber : output 2020

Based on table 4.1 above, it can be seen the lowest, highest, average and standard deviation values for each variable with a total of 64 research samples used. Auditor turnover is the dependent variable, while audit opinion, KAP size, management change, *financial distress,* and company growth are independent variables.

The dependent variable is that auditor turnover is proxied based on the company that made the auditor change. the lowest value of 1 means that the company changes its auditor in the sixth year and the highest value of 5 means that the company changes the auditor in the second year. An average value of 2.5625 means that the average value of auditor changes made by the main sector companies and manufacturing sectors during the research year listed on the IDX is 256.25%, while the standard deviation of 1.35547 shows that the average value which is greater than the standard deviation identifies that the standard error of the variable is small.

The first independent variable is the audit opinion is proxy based on the opinion given by the auditor to his client. The lowest value of 3 means that the company obtained a fair opinion with an exception, and the highest value of 5 means that the company obtained an unqualified opinion. The average value of 4.5469 is greater than the standard deviation of 0.53243 which identifies that the standard error of the variable is small.

The second independent variable is the KAP size proxied based on the KAP used by companies affiliated with KAP *big 4* or not. The lowest value 0 means that the KAP is not affiliated with KAP *big 4*, and the highest value 1 means the KAP is affiliated with KAP *big 4.* The average value of 0.7500 is greater than the standard deviation of 0.43644 which identifies that the standard error of the variable it is small.

The third independent variable is management change which is proxied based on the company that changes CEO or CEO. The lowest value of 0 means that the company does not replace the president or CEO, and the highest value of 1 means the company changes the president or CEO. The average value of management change of 0.2500 is smaller than the standard deviation of 0.43644.

The fourth independent variable is *financial distress* which is proxied based on the altman model. The lowest value obtained was -4.46, namely PT Gozco Plantation Tbk (GZCO), and the highest value obtained was 5.93, namely PT Samindo Resources Tbk (MYOH). The average value of *financial distress is* 1.1852, which is lower than the standard deviation of 1.98390.

The fifth independent variable is company growth which is proxied based on *Return on Assets* (ROA). The lowest value obtained was -33.27, namely PT Tirta Mahakam Resources Tbk (TIRT), and the highest value was 67.17, namely PT Voksel Electric Tbk (VOKS). The average value of the company's growth of 8.4668 which is smaller than the standard deviation of 60.57493.

The results of the ordinal regression test for audit opinion variables show a positive coefficient of 0.443 with a significant level of 0.815. Significance value greater than 0.05 indicates that the audit opinion variable has no effect on auditor turnover in the main sector companies and manufacturers listed on the Indonesia Stock Exchange in 2018.

HypothesisTest

Coefficient of Determination *(Nagelkerke R Square)*

The coefficient of determination aims to measure how far the ability of the model can explain variations in the dependent variable. The coefficient of determination in an ordinal regression model is shown by the value of *Nagelkerke R Square.* The following is the output of the determination test using *Nagelkerke R Square*:

Tabel 4.2Determination Test Results

Pseudo R-Square

Cox and Snell	,239
Nagelkerke	,251
McFadden	,090

Link function: Logit.

Sumber : output 2020

Based on table 4.16 above it can be seen that the ability of the independent variables (audit opinion, KAP size, management change, *financial distress*, and company growth) are used to explain the dependent variable (turnover auditor) at 25.1%, while 74.9% (100% - 25.1%) is explained by other variables not used in this study.

MenilaiKeseluruhan Model

Penilaian model secarakeseluruhandalamregresi ordinal bertujuanuntukmemastikan paling tidakterdapat minimal satuvariabelbebas yang mempengaruhivariabelterikat. Berikutadalah output daripenilaiankeseluruhan model:

Tabel 4.3HasilUjiKeseluruhan Model

Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	193,637			
Final	176,140	17,497	6	,008

Link function: Logit.

Sumber : output 2020

Based on table 4.17 above it can be seen that without entering the independent variable the value of *the fitting information model is* 193,637. However, by entering the independent variable into the model, the value decreased to 176,140. This shows that there is a decrease of -2 Log *likelihood*, it can be concluded that the hypothesized model is *fit* with the data.

Testing the Feasibility of Regression Models

An ordinal regression model requires accuracy between model predictions and observational results. To ensure this, ordinal regression requires a model feasibility test through a *goodness of fit test.* The *goodness of fit test* ensures that no conclusions and model weaknesses are obtained. The following is the output of the model feasibility test using the *goodness of fit test:*

Table 4.4 Model Feasibility Test Results

Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	252,965	246	,367
Deviance	176,140	246	1,000

Link function: Logit.

Sumber : output 2020

Based on table 4.18 above it can be seen that the value *Pearson* of 252,965 with a significance of 0.367 (greater than 0.05) and a *deviance* of 176,140 with a significance of 1,000 (greater than 0.05) indicates that the model is in accordance with empirical data or in other words the model is feasible to use.

UjiRegresi Ordinal

Table 4.5UjiRegresi Ordinal

Parameter Estimates

	Estimate	Std. Error	Wald	df	Sig.	Confidence Interval	
						Lower Bound	Upper Bound

Threshold	[Y = 1]	-1,021	,648	2,488	1	,115	-2,291	,248
	[Y = 2]	,193	,637	,092	1	,762	-1,056	1,442
	[Y = 3]	,810	,647	1,571	1	,210	-,457	2,078
	[Y = 4]	2,970	,793	14,018	1	,000	1,415	4,525
Location	X4	,098	,133	,543	1	,461	-,163	,359
	X5	,024	,023	1,061	1	,303	-,022	,070
	[X1=3]	,443	1,888	,055	1	,815	-3,257	4,143
	[X1=4]	,055	,510	,012	1	,914	-,944	1,055
	[X1=5]	0[a]	.	.	0	.	.	.
	[X2=0]	1,513	,584	6,714	1	,010	,369	2,658
	[X2=1]	0[a]	.	.	0	.	.	.
	[X3=0]	-,774	,557	1,933	1	,164	-1,865	,317
	[X3=1]	0[a]	.	.	0	.	.	.

Link function: Logit.
a. This parameter is set to zero because it is redundant.

Effect of Audit Opinion on Auditor Change

The results of the ordinal regression test for audit opinion variables show a positive coefficient of 0.443 with a significant level of 0.815. Significance value greater than 0.05 indicates that the audit opinion variable does not affect the change of auditors in the main sector and manufacturing companies listed on the Indonesia Stock Exchange in 2018.

The Effect of KAP Size on Auditor Change

The results of the ordinal regression test for KAP size variables showed a positive coefficient of 1.513 with a significance level of 0.01. Significance value smaller than 0.05 indicates that KAP size variables affect auditor turnover in major sector and manufacturing companies listed on the Indonesia Stock Exchange in 2018.

Effect of KAP Size on Auditor Change

The results of ordinal regression test for KAP size variables show coefficient values positive 1.513 with a significance level of 0.01. Significance value less than 0.05 indicates that the KAP size variable influences the change of auditors in the main sector companies and manufacturers listed on the Indonesia Stock Exchange in 2018.

The Effect of Management Change on Auditor Change

The results of the ordinal regression test for management change variables show the coefficient negative 0.774 with a significance level of 0.164. Significance value greater than 0.05 indicates that the management change variable has no effect on the change of auditors in major and manufacturing sector companies listed on the Indonesia Stock Exchange in 2018.

The Effect of Financial Distress on Auditor Change

The results of the ordinal regression test for variables *financial distress* indicate the value a positive coefficient of 0.098 with a significance level of 0.461. Significance value greater than 0.05 indicates that the management change variable has no effect on the change of auditors in major and manufacturing sector companies listed on the Indonesia Stock Exchange in 2018.

Effect of Company Growth on Auditor Change

The results of the ordinal regression test for the variable growth of the company indicate the value positive coefficient of 0.024 with a significance level of 0.303. Significance value greater than 0.05 indicates that the variable of company growth does not affect the change of auditor

Discussion

In this study it appears that there are several aspects that significantly and positively affect auditor turnover, namely the size of the firm. As for audit opinion, management changes, *financial distress,* and company growth that does not affect the change of auditors.

If the audit opinion is often used as an excuse by management to replace the actual KAP that is still allowed to audit the company concerned. This condition arises when a client company that disagrees with a previous audit opinion or a future audit opinion, because the company naturally wants an unqualified opinion on its financial statements in order to attract investors. This is because in this study there were no companies that obtained *unqualified opinion unqualified opinions*, but,with explanatory language and reasonable exceptions, but still changed auditors. This study supports research conducted by Fitriani and Zulaikha (2014), which states that audit opinions have no effect on auditor turnover. But the results of research conducted by Faradilla and Yahya (2016) which show the results of research that audit opinion affects the change of auditors.

Whereas a large KAP is considered more independent than a small KAP on the grounds that when a large KAP loses one client it is not so influential on its income, whereas a client for a small KAP is very meaningful so that a large KAP is considered more able to maintain its independence. In addition, companies that use KAP services that are not affiliated with KAP *big 4* dominant male auditor changes. Companies prefer KAPs *big 4* because they are considered to be more qualified than KAPs *non big 4*, this is caused by investors who tend to account for accounting data reported by reputable auditors. So this shows that companies audited by KAP *big 4* will tend to retain their auditors. This study supports research conducted by Aprianti and Hartaty (2016) which shows that KAP size influences auditor turnover.

Changes in management result in changes in policies in the fields of accounting, finance, and also the selection of public accounting firms, therefore new management may prefer to change the preferred auditor or they seek auditors who are more accommodating of their choices and adoption of accounting policies. In addition, the new management composition allows for some considerations not to change auditors. One factor is agency costs, if the company changes auditors there is a tendency that companies will incur higher costs and can reduce efficiency, so that new management is better at surviving with the old KAP than by changing auditors. This study supports research conducted by Fitriani and Zulakha (2014) which shows that management change has no effect on auditor turnover.

Then the company has the potential to go bankrupt (which has a high debt ratio) and is experiencing an unhealthy financial position. It tends to use public accounting firms that have high independence to increase the trust of the company in the eyes of shareholders and creditors to reduce litigation risk. The reason is because the transfer of a new KAP certainly requires a new transaction between the new KAP company, for companies that are experiencing poor financial conditions, of course, this will become an additional burden for the company. This study supports research conducted by Abdullah and Sabeni (2013) which shows the results that *financial distress* does not affect auditor change. But this study does not support research conducted by Faradillah and Yahya (2016) which shows that *financial distress* affects auditor turnover.

Companies that continue to grow will tend to replace auditors who have better quality. This is because, if companies, especially those affiliated with KAP *big 4,* of course do not need to change auditors. In addition, companies that experience growth at the level of net sales are not necessarily accompanied by an increase in corporate profits that have an impact on auditor turnover. This study supports the research conducted by Aprianti and Hartaty (2016) which shows the results of research that the growth of client companies has no effect on the auditor's perception.

V. CLOSING

Conclusion

Based on the description and analysis results, it can be concluded that audit opinion does not affect the change of auditors, and change of management, *financial distress* and company growthalso equally does not affect the change of auditors. While the KAP size has a significant positive effect on auditor turnover.

Suggestion

In addition, suggestions for further research should add or replace other variables to develop factors that affect auditor turnover. Then it should consider increasing the number of samples and using a longer research period. As for the company, it is expected to follow the applicable regulations regarding auditor changes or audit rotations to avoid *fraud* that might be biased.

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