

ABSTRACT

Auditor switching is a condition when the client company decided to change their auditor or audit firm in mandatory or voluntary. Finance minister's regulation number 17 / PMK.01 / 2008 obligate the firm to do auditor switching. Beside that regulation, the firm can do auditor switching in voluntary. The differences of perception to Auditor Switching regulation, bringing the question to our mind about the factors that may cause the firm to do auditor switching in voluntary.

The purpose of this study is to determine the factors that influence the firm to do the auditor switching in voluntary. Some of these factors is a financial distress, change of management, and audit firm size.

The population in this study were infrastructure, utilities, and transportation sector companies listed on the Indonesia Stock Exchange during 2007-2014. Based on the purposive sampling method, obtained total of 17 samples. Testing the hypothesis in this study using logistic regression analysis.

The results showed that financial distress, management change, and audit firm size simultaneously have significant effect on auditor switching. But individually, financial distress has no effect on the auditor switching. While management changes have significant influence with a positive direction on the auditor switching and audit firm size have significant effect with the negative direction on the auditor switching.

Based on the results of the study, for the companies that perform management changes should choose public accounting firm that agrees with the financial policy to be set by the new management, and for companies that previously used the services of the Public Accounting Firm affiliation big four and wanted to make the turn, it is advisable to keep choosing public accounting firm audit services affiliated with the Big Four. This is related to investor confidence in the quality of audits produced by the firm that is affiliated with the Big Four.

*Keyword : Financial Distress, Management Change, Audit Firm Size,
Auditor Switching*