ABSTRACT

The financial statements show the accountability of management for the resources entrusted to them. To improve the reliability of financial statements, the financial statements must be audited by an auditor. An examination by the auditor should be objective and independent. The independence of an auditor could be in doubt if there is a long cooperative relationship between the auditor with clients. So as to prevent the loss of independence of auditors, the government should regulate the auditor switching.

The purpose of this research is to determine the effect of management exchange, financial distress and the size of Public Accountant Firm of the auditor switching.

Samples in this research were banking companies listed on the Indonesia Stock Exchange in 2010-2014. The sampling method used in this research is nonprobability sampling. Based on purposive sampling method, obtained 29 samples of the companys. The analytical method used is logistic regression analysis.

The results of this study concluded that management exchange, financial distress and the size of Public Accountant Firm does not impact simultaneously and partially to auditor switching. This is most likely because there is one company that has a value of financial distress is very high.

Keywords : Auditor Switching, Management Exchange, Financial Distress, Size of Public Accountant Firm.