

ABSTRACT

Independence of the public accounting firm will fade when the suspect had long-standing relationships with its clients. One way to keep independence auditor is to make the turn public accounting firm. Several previous studies showed the results of different studies. This study aims to examine and obtain empirical evidence about the factors that affect the company went public did turn public accounting firm in Indonesia. Factors used include management stock ownership, dividend policy, financial distress, the number of commissioners, management changes, going-concern opinion, and audit tenure.

This study is a population of companies listed on the Stock Exchange in the year 2009-2012. The total sample is 116 using purposive sampling. Hypothesis testing is performed using logistic regression using SPSS 16 application.

The results of this study are dividend policy and tenure have significant effect on the change of KAP on manufacturing companies in Indonesia. While other factors such as management ownership, financial distress, the number of commissioners, change management and going concern opinion has no significant effect on the change of KAP on manufacturing companies in Indonesia.

Keywords: Substitution KAP, auditor rotation, auditor independence, audit tenure.