

ABSTRACT

To minimize frauds and independence issues an Accounting Firm in Indonesia, a company should do auditor switching. There are two categories of auditor switching, first is required rotation that based on Minister of Finance Regulation and second is voluntary auditor switching. Auditor rotation phenomenon is also strengthened by the agency theory. Some of past researches shows different results about factors that effect a company does auditor switching. The purpose of this research is to verify an effect of audit opinion, changes in management, client size, complexity, client growth rate, accounting firm size, and financial distress towards auditor switching.

The sample in this study were 32 manufacturing companies that listed in Indonesia Stock Exchange during 2010-2014, so the objects of this study were 160 manufacturing companies. Research variable being used are audit opinion (OPINI), changes in management (PM), client size (SIZE), complexity (COMPLEX), client growth rate (GROWTH), and auditor switching (SWITCH). Data processing using logistic regression in SPSS 17 software.

The results showed that the audit opinion has no effect towards auditor switching; changes in management has significant effect on auditor switching; client size has no effect towards auditor switching; complexity has no effect towards auditor switching; client growth rate has significant effect on auditor switching.

Keywords: *auditor rotation, auditor switching, accounting firm, agency theory.*