

ABSTRACT

Period of audit tenure between auditor and its client have impact to auditor independency. One of the fomentation remain to be objective is to have audit rotation. This auditor rotation is related with company action to do auditor switching. Some former research show different research each other. This research aims to analyze the difference between the market reaction to companies that do and do not make the turn public accounting firm.

Population of this research are manufacturing companies which are listed in Indonesia Stock Exchange (IDX) in the year 2004-2009. Total sample in this research are 61 companies using purposive sampling. Examination of hypothesis conducted by using Mann-Whitney Test in SPSS 16 software.

Result of this research is there is no difference between the market reaction to companies that do and do not make the turn public accounting firm. Result of the second hypothesis is there is no difference between the market reaction to companies that make the turn public accounting with mandatory and voluntary factor. Result of the third hypothesis is there is difference between the market reaction to companies that make the turn public accounting firm from Big 4 to Non-Big 4 and from Non-Big 4 to Big 4.

Keywords : Auditor switching, cumulative abnormal stock returns, market reaction.