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An Influence Of Management Change For Auditor Switching With Financial Distress As A Moderating Variable
(Empirical Study on Basic Industry and Chemical Companies Listed on the Indonesia Stock Exchange for the Period 2011-2015

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Abstract: The purpose of this study was to examine the effect of management change on auditor switching with financial difficulties as a moderating variable.
This study uses a sample of basic industrial companies and chemicals listed on the Indonesia Stock Exchange during the 2011-2015 period. The number of basic and chemical industrial companies sampled in this study were 16 companies with 5 years of observation. Based on the purposive sampling method, the total sample of this study was 80 financial reports. Hypothesis testing in this study uses logistic regression analysis because the independent variable is a combination of metric and non-metric (nominal).
The results of this study indicate that management change has no significant effect on auditor switching and financial difficulties moderate the effect of management change on auditor switching.

Keywords: Auditor Switching; Management Change; and Financial Distress

INTRODUCTION

Financial reports are a form of accountability and delivery of financial information of a company or organization to parties in need, both external and internal (Jensen and Meckling, 1976). This is where the importance of accounting and auditing reporting systems in the process of fulfilling the company's social contract with stakeholders.

To ensure that the company's financial statements have credibility which is useful for the parties using the financial statements, the financial statements must be audited by an independent auditor. The independent auditor in question is an auditor at a Public Accounting Firm. In accordance with PSA No. 2 SA Section 110 (SPAP, 2001) states that the auditor is responsible for planning and carrying out an audit to obtain adequate assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud. This independent auditor provides an opinion regarding the fairness of the presentation of financial statements, as well as its compliance with generally accepted accounting principles.

The increasing need for audit services has an impact on the development of the public accounting profession in Indonesia. The more public companies there are, the more public accounting services are needed. Based on the number of KAP that are oriented towards creating many alternative choices for companies that move from one KAP to another, this can lead to competition between one KAP and another (Damayanti and Sudarman, 2008).

Auditor independence is a key element of the auditing profession, including assessing the fairness of financial statements. In general, there are two forms of auditor independence: independence in fact and independence in appearance. Independency in fact requires the auditor to form an opinion in the audit report as if the auditor were a professional observer, not biased. Independency in appearance requires the auditor to avoid situations that might make others think that he or she is not maintaining a fair mind pattern (Porter et al, 2003).

Diaz (2009) argues that the long audit engagement period causes the company to feel "comfortable" with the existing relationship between the auditor (KAP) and the company's management, which will reach a stage where the auditor will be emotionally involved and threaten his independence. Giri (2010) also states that the long-term relationship between the auditor and the client will cause the quality and competence of auditors to tend to decline over time. The closer relationship with management causes the auditor to identify himself with management's interests rather than with the public's interest.

The tenure limitation (audit engagement period) is an attempt to prevent the auditor from interacting too closely with Kline so as to interfere with auditor independence. One of the recommendations is the provision of mandatory KAP replacement which is based on theoretical reasons that the mandatory implementation of auditor and KAP changes is expected to increase auditor independence both in appearance and in fact (Giri, 2010).

The message of changing KAP was motivated by the collapse of KAP Arthur Anderson in the United States in 2001, as one of the major KAPs that were included in the ranks of the five largest KAP in the world or Big 5 (Diaz, 2009). KAP Arthur Anderson was involved in the fraud committed by his client Enron so that it failed to maintain its independence. This scandal gave birth to The Sarbanas Oxley Act (SOX) in 2002. Then this message was used by various countries to improve the oversight structure of KAP by implementing mandatory KAP and auditor changes (Suprlan and Andayani, 2010). Until now, many regulatory bodies from various countries have implemented the mandatory KAP replacement.

Indonesia is one of the countries that enforces the mandatory change of KAP. The government has regulated the obligation to change the KAP by issuing the Decree of the Ministry of Finance of the Republic of Indonesia Number 359 / KMK.06 / 2003 concerning "Public Accountant Services" (article 2) as an amendment to the decision of the Minister of Finance Number 423 / KMK.06 / 2002. This regulation discusses the provision of general audit services on the financial statements of an entity which can be performed by KAP for a maximum of 5 (five) consecutive financial years and by a Public Accountant for a maximum of 3 (three) consecutive financial years.

Then the regulation was refined with the issuance of Regulation of the Minister of Finance of the Republic of Indonesia Number 17 / PMK.01 / 2008 concerning "Public Accountant Services" and carried out in Law Number 5 Year 2011 concerning "Public Accountants" Article 4. The changes made were, first, the provision of general audit services on the financial statements of an entity may be carried out by a Public Accounting Firm for a maximum of 6 (six) consecutive financial years and by a Public Accountant for 3 (three) consecutive financial years (pasal 3 ayat 1). Second, public accountants and public accounting firms can accept general audit assignments for clients again after 1 (one) financial year does not provide general audit services for the same client's financial statements (pasal 3 ayat 2 dan 3).

If a company replaces its KAP that has been auditing for six years, it will not raise questions because it is mandatory, so what needs to be examined is if the KAP change is voluntary (see UU No. 5 Tahun 2011).

The phenomenon of KAP change has been found to have implications for the credibility of the value of financial reports and the costs of monitoring management activities. Therefore, this issue has been extensively researched in developed countries and is currently still being studied through research in Asian countries such as Hong Kong, Singapore, Malaysia and Korea (Ismail, 2008).

Kadir (1994) and Mardiyah (2002) have conducted a test on the influence of management change variables on auditor change, who found that management change is one of the significant variables affecting auditor changes. Meanwhile, Damayanti and Sudarma (2008) prove that management change has no effect on KAP change. This finding is supported by the results of Wijaya's (2013) research with samples taken from manufacturing companies listed on the Indonesia Stock Exchange from 2001 to 2015, these findings indicate that management change has no effect on auditor switching.

Nasser et al. (2006) show that financial difficulties are a significant factor affecting the client's decision to change KAP. This finding is supported by Sinarwati (2010) which states that companies that go bankrupt more often change auditors than companies that are not bankrupt. This contradicts the findings of Wijaya (2013) and Oktopania (2013) that companies experiencing financial difficulties are not a cause to replace KAP.

Based on the description above, the authors are interested in making a research proposal with the title: " An Influence of Management Change for Auditor Switching with Financial Distress as a Moderating Variable ".

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Literature Review

The following will describe the theories that underlie this research, starting from agency theory, audit and audit services, auditor switching, management change, and financial difficulties.

2.1.1. Agency Theory

Agency theory describes shareholder (owner) as principal and management as agent. Principals are shareholders who provide facilities and funds to run the company, while agents are company managers who have the obligation to manage what shareholders secure to them. Shareholders will get results in the form of dividends, while management will receive salaries, bonuses, and various other types of compensation (Diana and Irianto, 2008).

Jensen and Meckling (1976) state that both the company owner (principal) and management (agent) are welfare maximizers, so that there is a tendency for managers to seek their own benefits (moral hazard) at the expense of the interests of other parties. The agent has an obligation for the welfare of shareholders, but on the other hand the agent has an interest in maximizing their welfare. The unification of the interests of the parties these parties often cause a problem known as agency problem.

Conflict of interest between owner and agent occurs because the agent may not always act in accordance with the owner's interests, thus triggering agency costs, which are costs arising from interest assistance that occurs between management and company owners. This conflict can be minimized by means of a mechanism and supervision that can align the related interests. Owners can limit the divergence of their interests by providing appropriate levels of incentives to agents and must be willing to pay monitoring costs to prevent hazard from agents. Monitoring costs are one of the agency costs (Jensen and Meckling, 1976). In agency theory, the independent auditor acts as an intermediary for both parties, namely the agent and principal with different interests. Audit is a way that is able to reduce agency costs arising from selfish behavior by agents (managers) (Wijaya and Januarti, 2011)

The auditor as an independent third party is required to supervise the performance of management whether it has acted in accordance with the principal's interests through financial statements. The auditor is in charge of providing an opinion on the fairness of the company's financial statements and disclosing going concern problems faced by the company if the auditor doubts the company's ability to maintain its survival (Rudyawan and Badera, 2009).

2.1.2. Audit and Audit Services

In general, an audit is an examination of an economic unit carried out by an independent person or group and aims to evaluate or measure an institution / company in carrying out a task or job with predetermined criteria, to communicate it to interested parties.

Susanti Irawati (2008: 1) defines auditing as a systematic process of accumulation and evaluation of evidence regarding information contained in a particular company.

Arens, Beasly, and Elder (2010: 4) define auditing as collecting data and evaluating evidence about information to determine and report the degree of conformity between that information and predetermined criteria.

Sukrisno Agoes (2009: 3) defines an audit (auditing) is an examination that is carried out critically and systematically by an independent party against the financial statements that have been prepared by management, along with accounting records and supporting evidence, with the aim of being able to prove opinion regarding the fairness of the financial statements.

Based on the above definition, several important things can be taken that underlie the definition of auditing. First, auditing is a systematic process of gathering evidence containing information and evaluating it so that an audit conclusion can be obtained. Second, auditing must be carried out by people who are competent in the field of audit in reaching appropriate audit conclusions and must maintain their independence as an auditor. Third, the attainment of audit conclusions is carried out by evaluating the conformity of the information with the predetermined criteria. Finally, the results of this audit will be reported to interested users. This audit will be reported to interested users. The audit is carried out by a competent, objective and impartial party called the auditor. Boynton (2008: 10) explains that auditors or Certified Public Accountants are those, both individually and as members of a public accounting firm that perform professional auditing services to kline. To get a certificate of public accounting requires experience and passing and certification examinations.

Auditors must be able to meet the rules in auditing standards. The auditing standards that have been established and presented by the Indonesian Public Accountant Agency (IAPI) in the Auditing Standard Statement (PSA) No. 01 are as follows:

a. General standards

1. The audit must be carried out by a person who has sufficient technical expertise and training as an auditor;
2. In all matters relating to defense, independence in attitude and mentality must be considered;
3. In conducting audits and preparing reports, auditors must use their professional skills carefully and carefully;

b. Field work standards

1. The work must be planned as well as possible and if used assistants must be properly supervised;
2. An adequate understanding of internal control must be obtained to plan the audit and determine the nature, timing and scope of tests to be performed;
3. Sufficient competent audit evidence must be obtained through inspection, observation, inquiry and confirmation as a sufficient basis for expressing an opinion on the audited financial statements;

c. Reporting standards

1. the auditor's report must state whether the financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Indonesia;
2. the auditor's report must show or state, if any, the inconsistency in the application of accounting principles in the preparation of financial statements for the current period compared to the application of those accounting principles in the previous period;
3. disclosure of information in the financial statements should be considered adequate, unless otherwise stated in the auditor's report;

4. The auditor's report must contain a statement of opinion regarding the financial statements as a whole or equally assertively that such a statement cannot be given. If an overall opinion cannot be given, then the reasons must be stated.

In conducting an audit, there is a process the auditor follows to fulfill the objectives of each audit. According to Arens et. al., (2010), the audit process is a well-defined methodology to organize an audit to ensure that the evidence obtained is sufficient and appropriate, and that all required audit objectives have been set and met. The audit process is summarized and in phases, namely:

a. Planning and designing an audit approach

Engagement planning is needed to gather sufficient evidence and control audit costs. This audit plan should produce an audit approach that is effective at a cost that makes sense.

b. Carry out control tests and substantive tests on transactions.

The main objective of this phase is to obtain evidence to support specific controls that support internal control risk assessment of public company financial reporting, as well as obtain evidence to support the accuracy of monetary transactions. In order to achieve these objectives, control testing and substantive testing are carried out for transactions. Control testing is a procedure to test the effectiveness of controls in support of a lower control risk assessment, while substantive testing of a transaction is the evaluation of transaction records by line by verifying the monetary amount of the transaction.

c. Perform analytical procedures and test details of balances.

The main objective of this phase is to obtain sufficient additional evidence to determine whether the ending balances and footnotes to the financial statements are fairly stated. There are two general categories of this third phase, namely analytical procedures that assess the feasibility of transactions and balances as a whole and balance breakdown tests that test for monetary misstatements in financial statement balances.

d. Complete an audit and issue an audit financial report.

After the previous phases have been fulfilled, the auditor should collect additional evidence regarding the presentation and disclosure, summarize the results, issue an audit report, and perform other forms of communication. From the explanation above, it can be concluded that the audit process carried out by the auditors is taken to collect audit evidence as a whole. In gathering such evidence, the auditor often uses his professional judgment. When the auditor feels that the evidence will be most effective is one of the things that affects the determination of the length of the audit which also determines how long the audit delay occurs.

2.1.3. Auditor Switching

Change of auditors is a change of auditors or a transfer of a Public Accounting Firm (KAP) by a kline company. This change of auditors may occur due to government regulations that limit audit services as stipulated in the Decree of the Minister of Finance of an entity providing general audit services on financial reports of an entity carried out by KAP for a maximum of 6 (six) consecutive financial years and by a Public Accountant for a maximum of 3 (three) consecutive financial years, so that the company has several reasons and considerations so as to change the auditor. If an auditor change occurs due to the implementation of regulations related to restrictions on audit services, the change is termed an audit rotation. If an auditor change is carried out not because the period for providing audit services in accordance with the regulations has been completed but for reasons other than that, it is termed an audit change called auditor switching (Damayanti, 2008) This study limits itself to the study of auditor turnover which is not caused by government regulations.

Regulations relating to public accounting services in Indonesia are regulated in the Minister of Finance Decree No. 43 / KMK.017 / 1997, later amended by Decree of the Minister of Finance No. 432 / KMK.06 / 2002, where one of the things regulated in this KMK is that the provision of general audit services on the financial statements of an entity is carried out by the longest KAP for 5 (five) consecutive financial years and by a public accountant at most. 3 (three) years. This regulation was later refined back into the Minister of Finance Regulation No. 17 / PMK.01 / 2008. Where the provision of general audit services on the financial statements of an entity is carried out by KAP for a maximum of 6 (six) consecutive financial years and by a Public Accountant for a maximum of 3 (three) consecutive financial years (Wijaya, 2013).

2.1.4. Change of Management

Ismail et al, (2008) stated that changing management structures is a common thing, especially for go public companies. These management changes include changes in the board of directors, financial controllers and management directors, as well as changes in the structure of the audit committee. According to Burton and Roberts (1967) in Wijaya (2013) change in management is a change in top executive, but for some companies, on average, only changes in financial management. These management changes are either complicated or uncomplicated. Management changes that are not complicated tend to occur because of the consideration of the condition of the company, where the existing management structure is not able to manage the company properly so that the condition of the company is not good. brings improvements to the management of the company. In addition, changes in management can also occur due to the growth or expansion of the company, for example, changes in companies from not going public to going public.

Damayanti and Sudarman (2008) state that management change is a change in company directors which can be caused by the decision of the general meeting of shareholders or the board of directors to stop on their own accord. The existence of new management may also be followed by changes in policies in accounting, finance, and the selection of KAP.

2.1.5. Financial distress

Business continuity is always associated with management's ability to manage the company. When a company experiences financial distress, its operational activities will depend. This ultimately has an impact on the high risk of the company in maintaining its business continuity in the future (Meriani and Krisnadewi, 2012). There are five types of financial difficulties according to Fachrudin (2008: 2), namely economic failure, business failure, technical insolvency, insolvency in bankruptcy, and legal bankruptcy. Economic failure means that the company's revenue cannot cover the total costs, including the cost of capital. Business failure occurs when a business ceases operations with the consequent loss to creditors. Technical insolvency is the inability to meet obligations smoothly when they mature, indicating a temporary lack of liquidity. In this case, usually the creditor is willing to help through debt restructuring. Insolvency in bankruptcy is reflected in the book value of debt that exceeds the market value of assets. This problem is permanent and leads to business liquidity. Legal banjruptcy is legally bankrupt, occurs when a claim has been formally filed according to law.

According to Setyorini and Ardiati (2006: 77), financial difficulties, which consist of liquidity difficulties to the potential bankruptcy of the company, are caused by many things, both from outside and from within the company. Although the causes for financial difficulties vary widely, most of the causes are due to a series of wrong management decisions that make the company's condition deteriorate. Companies with the potential to go bankrupt have a tendency to change their auditors because in a company with the potential to go bankrupt, there is a big influence on the breakdown of the work relationship between management and auditors, which can trigger the company to change auditors.

According to Hudaya (2011) the causes of the company going bankrupt are:

a. Neoclassical Model, bankruptcy occurs when the allocation of resources is not correct and the company has the wrong asset mix. Estimating difficulties is done using balance sheet data and income statements.
b. Financial Model, the mix of assets is right but the financial structure is wrong with liquidity constraints, it can survive in the long term but must also go bankrupt in the short term. The main trigger in this case is generally due to the imperfect relationship with the capital market and the inherited capital structure. It cannot be determined with certainty whether in this case bankruptcy is bankrupt or bad to restructure. This model estimates difficulties with financial indicators or performance indicators.
c. Corporate Governance Model, bankruptcy has a mix of assets and financial structures that are correct but poorly managed. This inefficiency drives companies to go out of market as a consequence of unsolved problems in corporate governance. This model estimates difficulties with proprietary information. Ownership is related to corporate governance structure and corporate goodwill. Financial difficulties can be viewed from the composition of the balance sheet — total assets and liabilities, from the income statement — if the company continues to lose and cash flow statements — if the cash inflows are smaller than the cash outflows.

Hudaya (2011) explains that the consequences of financial difficulties are as follows:

a. The risk of costs, financial difficulties has a negative impact on the value of the company which offsets the tax exemption value for increasing levels of debt.
b. Even if company managers avoid liquidity when in trouble, relationships with suppliers, customers, workers and creditors are seriously damaged.
c. Creditors who provide goods and services may be more cautious or even cut off supply altogether, if they believe there is no chance of an increase in the company within a few months.

d. Customers may develop relationships with their suppliers and plan their own production with the possibility of a continuation of the relationship. Having doubts about the company's longevity does not guarantee a good contract. Customers generally want a good contract guarantee. Customers generally want assurance that the company is stable enough to keep promises.

Sinarwati (2010) states that financial difficulties in this study are measured using a DER (debt-to-equity ratio), namely by dividing the value of total assets by total equity. The safe level of DER is 100%. A DER value that is above 100% is an indicator of the deteriorating financial condition of a company.

2.2 Hypothesis

H1: Management change has a positive effect on auditor switching
H2: Financial Distress have a positive effect on auditor switching.
H3: Financial Distress moderate management changes to auditor switching.

METHODS

3.1. The scope of research

This research is a causality research, which is a study that aims to determine the relationship and influence between two or more variables. This study is to examine the effect of the independent variable, namely management change, on the dependent variable, namely auditor switching, with the moderating variable, namely financial difficulties. The population in this study are basic industrial companies and chemicals listed on the Indonesia Stock Exchange (BEI) for the 2011-2015 period.

3.2. Sample and Population

3.2.1. Population

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are determined by researchers to study and then draw conclusions (Sugiyono, 2011: 80). The population in this study were basic industrial companies and chemicals listed on the Indonesia Stock Exchange (BEI) during the period 2011 to 2015.

3.2.2. Sample

Sampling in this study was carried out using purposive sampling method, in this case more specifically the use of judgment sampling method. Judgment sampling is a type of non-random sample selection whose information is obtained by using certain considerations which are generally adjusted to the objectives or research problems (Indriantoro and Supomo, 1999: 131).

3.3. Method of collecting data

In obtaining research data, researchers used two methods, namely library research and field research.

3.3.1. Library Research

Research obtains data relating to the problem being researched through books, journals, magazines, theses, the internet, and other tools related to the title of the researcher.

3.3.2. Field Research (field Research)

The type of data used in this study is secondary data. All data are sourced from audited financial statements of companies in manufacturing for 2011 to 2015 which have been published in full on the IDX.

3.4. Data analysis method

The data analysis method in this research is to use quantitative analysis techniques. Quantitative analysis is done by analyzing a problem that is manifested quantitatively. In this study, quantitative analysis is carried out by quantifying research data so as to produce the information needed in the analysis.

The analytical tool used in this study is logistic regression analysis (losgistic regression) with the help of SPPS 23. The reason for using logistic regression analysis tools is because the dependent variable is dummy (changes KAP and does not change KAP). The normal distribution assumption cannot be fulfilled because the free variable is a mixture of continuous (metric) and categorical (non-metric) variables. In this case it can be analyzed with logistic regression (logistic regression) and because this study tests whether the probability of the occurrence of independent variables can be predicted by independent variables. Then the data analysis used is:

3.4.1. Descriptive statistics

Descriptive statistics are used to provide a description of the data seen from the mean, standard deviation, and maximum-drink. The mean is used to estimate the average population size estimated from the sample. The deviation statistic is used to assess the mean disperse of the sample. Maximum-minimum is used to assess the minimum and maximum of the population. This needs to be done to see the overall picture of the samples that have been collected and meet the requirements to be used as research samples.

3.4.2. Data Quality Test

1. Assess the Overall Model (Overall Model Fit)

The first step is to assess the overall model fit to the data. Several statistical tests were given to initiate this.

The hypothesis for assessing the fit model is:

HO: The hypothesized model is fit with the data

HA: The hypothesized model does not fit the data

From this hypothesis we will not reject the null hypothesis so that the model fits the data. The statistics used are based on the likelihood function. The likelihood L of the model is the probability that the hypothesized model describes the input data. To test the null and alternative hypotheses, L is transformed into -2LogL. Likelihood reduction (-2LL) shows a better regression model or in other words the hypothesized model is fit with the data.

2. Multicolonierity Test

A good regression model is regression in the absence of strong correlation symptoms between the independent variables. This test uses a correlation matrix between independent variables to see the magnitude of the correlation between the independent variables. If the independent variables are correlated, these variables are not orthogonal. An orthogonal variable is an independent variable equal to zero.

3. Classification Matrix

The classification matrix shows the predictive power of the regression model to predict the probability of replacing the firm's accounting firm.

3.4.3. Logistic Regression Test

The analysis used in this research is logistic regression analysis, which is by looking at the effect of management change on the turnover of accounting firms with financial difficulties as a moderating variable in manufacturing companies. The model used in this research is as follows:

$$\text{Ln}\ \frac{P\ (SWITCH)}{1-P\ (SWITCH)} = \text{SWITCH} = \alpha + \beta_1\text{CEO} + \beta_2\text{DER} + \beta_3\text{CEO x DER} + e$$

Information:

P SWITCNG — 1 = Do *auditor switching*; 0 = Not doing *auditor switching*

α	= Constant
β_1 - β_2	= Koefisien Regresi
CEO	= Pergantian Manajemen
DER	= Kesulitan Keuangan
e	= *Eror Term*

3.4.4. Determination Coefficient Test (Cox Nagelkerke R Square)

Cox and Snell's R Square are measures that try to mimic the size of R ^ 2 on multiple regression which is based on the likelihood estimation technique with a maximum value of less than 1 (one) so it is difficult to interpret. Nagelker's R square is a modification of the Cox and Snell coefficients to ensure that the value varies from 0 (zero) to 1 (one). This is done by dividing the Cox and Snell's R ^ 2 value by this maximum. Nagelker's R value is interpreted as the value of R ^ 2 on multiple regression. A small value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable.

3.4.5. Testing the Eligibility of the Regression Model

The feasibility of the regression model was assessed using the Hosmer and Lemeshow's Goodness of Fit Test. Hosmer and Lemeshow's Goodness of Fit Test tests the null hypothesis that the empirical data fits or matches the data so that the model (there is no difference between the model and the data so that the model can be said to be fit). If the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is equal to or less than 0.05. Then the null hypothesis is rejected, which means that there is a significant difference between the model and its observation value so that the Goodness fit of the model is not good because the model cannot predict the value of the observation. If the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is greater than 0.05, then the null hypothesis cannot be rejected and it means that the model is able to predict the value of its observations or it can be said that the model is acceptable because it matches the observation data.

3.4.6. Partial Test

The T test basically shows how far the influence of one independent variable on the dependent variable individually in explaining the variation of the dependent variable (Ghozali, 2013; 98). To determine whether there is an effect of each variable, a significance level of 5% (α) 0.05 is used. If the probability t value is greater than 0.05, there is no influence from the independent variable on the dependent variable (the regression coefficient is not significant), whereas if the probability t value is less than 0.05, there is an effect of the dependent variable (significant coefficient).

3.4.7. Simultaneous Test

The F test is used to determine the effect of the independent variables together (simultaneously) on the dependent variable. Significant means that the relationship that occurs can apply to the population. The results of the F test are seen in the ANOVA table in the sig column.
If the probability value (sig.) <A = 5% then the alternative hypothesis is accepted.
If the probability value (sig.)> A = 5% then the alternative hypothesis is not accepted.

3.5 Operational Research Variables

Variables are constructs that are measured by various values to provide a more real picture of phenomena. The operational definition is finding construct so that it becomes a measurable variable (Indrianto and Supomo, 2009: 69).
In this section, the definitions of each variable related to the author's research will be explained along with the operational and elaboration methods.

Table 1.3
Operational Research Variables

No	Variabel	Variable Type	Indicator	Measurement Scale
1	*Auditor Switching*	Dependent	Dummy variable, value 1 is given if the company replaces KAP, and 0 for companies that do not replace KAP	Nominal
2	Change of Management	Independent	Dummy variable. Value 1 if change management, and 0 if not change management	Nominal
3	Financial distress	*Moderating*	DER (Debt to Equity Rasio)= $\frac{Total\ Hutang}{Total\ Ekuitas}$	Ratio

RESULT AND DISCUSSION

4.2. Results and Discussion

4.2.1. Descriptive statistical test results

Table 4.3
Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
switch	80	0	1	.28	.449
ceo	80	0	1	.17	.382
der	80	.01	2.59	.8423	.73992
Valid N (listwise)	80				

Table 4.3 shows the descriptive statistics for each research variable. Based on Table 4.3, the results of the analysis using descriptive statistics on the variable auditor switching (SWITCH) have a minimum value of 0, a maximum value of 1 with an average of 0.28 and a standard deviation of 0.449. The results of the analysis with descriptive statistics on management turnover (CEO) have a drink value of 0, a maximum value of 1 with an average of 0.17 and a standard deviation of 0.382. The results of the analysis with descriptive statistics on financial distress (DER) have a drinking value of 0.01, a maximum value of 2.59 with an average of 0.8423 and a standard deviation of 0.73992.

4.2.2. Data quality test results

1. The overall model test results (overall model fit)

Based on table 4.4, information is obtained that the test was carried out with a value between -2 Log Likelihood (-2LL) at the beginning (Block Number = 1). The initial -2LL value is 94.107. After the two independent variables were entered, the final -2LL value decreased to 83.283. This reduction in Likelihood (-2LL) indicates a better regression model or in other words the hypothesized model is fit with the data. The test results of the overall model can be seen in table 4.4 below:

Tabel 4.4
Koefesien Determinasi

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients Constant	ceo	der
Step 1	1	87,023	-,882	,959	,125
	2	84,629	-,450	1,020	-,097
	3	83,435	,333	,982	-,474

4	83,285	,675	,970	-,626
5	83,283	,704	,969	-,637
6	83,283	,704	,969	-,637

Initial -2 Log Likelihood: 94,107
Sumber: *Output* SPSS

2. Multicollinearity test results

The results of table 4.5 show that there is no correlation coefficient between variables whose value is greater than 0.9, so there is no serious multicollinearity symptom between independent variables (Ghozali, 2011).

Tabel 4.5
Hasil Uji Multikolonieritas
Correlation Matrix

		Constant	ceo	der
Step 1	Constant	1.000	-.230	-.874
	ceo	-.230	1.000	-.004
	der	-.874	-.004	1.000

Sumber: *Output* SPSS

3. The results of the classification matrix test

The predictive power of the regression model for predicting the possibility of companies making a change in KAP is 18.2%. This shows that by using the regression model used, there are 4 companies (18.2%) that are predicted to perform auditor switching from a total of 22 companies that perform auditor switching. The predictive power of the company model that does not change KAP is 87.9%, which means that with the regression model used there are 51 companies (87.9%) that are predicted not to do auditor switching. It can be concluded that the predictive power of the regression model is 68.8%.

Tabel 4.6
Matriks Klasifikasi
Classification Table[a]

	Observed		Predicted		
			switch		Percentage Correct
			0	1	
Step 1	switch	0	51	7	87,9
		1	18	4	18,2
	Overall Percentage				68,8

Sumber: *Output* SPSS

4.2.3. Logistic regression test results

Tabel 4.7
Logistic Regression Coefficient Test Results
Variables in the Equation

		B	S.E.	Wald	df	Sig.
Step 1[a]	ceo	1.199	.618	3.375	1	.053
	der	.772	.611	1.595	1	.207
	Constant	-1,870	.611	9.378	1	.002

Sumber: *output* SPSS

Based on table 4.7, it can be seen that the regression model above means that the company gets a change of management showing a positive coefficient of 1.199 with a significance level (p) of 0.053. Financial difficulties show a positive regression coefficient of 0.772 with a significance level (p) of 0.207, which means greater than 0.05.

4.2.4. Results of the coefficient of determination (Nagelkerke R Square)

The value of the coefficient of determination in the logistic regression model is shown by the Nagelkerke R Square value. The Nagelkerke R Square value is 0.183 which means the dependent variability that can be explained by the independent variable is 18.3%, while the remaining 81.7% is explained by other variables outside of this research model (Ghozali, 2011). Table 4.8 below presents the results of the determination coefficient test.

Tabel 4.8
Koefesien Determinasi
Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	83,283[a]	,127	,183

Sumber: *Output* SPSS

4.2.5. The results of the regression model feasibility test

The feasibility of the regression model was assessed using the Hosmer and Lemeshow's Goodness of Fit Test. The test shows the Chi-square value of 7.379 with a significance (p) of 0.496. Based on these results, because the significance value is greater than 0.05, it can be concluded that the model is able to predict the value of the observations. The results of the feasibility test for the regression model are in table 4.9 below:

Tabel 4.9
Testing the Feasibility of the Regression Model

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	7.379	8	.496

Sumber: *Output* SPSS

4.2.6. Partial test results

Tabel 4.10
Uji Parsial
Coefficients[a]

Model		B	Std. Error	Beta	t	sig
1	(Constant)	.130	.096		1.345	.183
	ceo	-.169	.152	-.144	-1.113	.269
	der	.122	.104	.116	1.170	.246
	derXceo	.984	.225	.569	4.381	.000

Sumber: *Output* SPSS

Based on table 4.10 shows:

Management turnover variable (CEO) has t count -1,113 <1,991 t table. At a significance value of 0.269> 0.05, the change in management has no significant effect on auditor switching (H1 is rejected).

The financial distress variable (DER) has t count 1,170 <1,991 t table. At a significance value of 0.246> 0.05, financial difficulties do not have a significant effect on auditor switching (H2 is rejected).

The indication between management turnover (CEO) and financial difficulties (DER) has a t count of 4.381> 1.991 t table. At a significance value of 0.000 <0.05, the interaction between management change and financial difficulties has a significant effect on auditor switching (H3 is accepted).

4.2.7. Simultaneous test results

Tabel 4.11
Uji Simultan
Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	10,824	3	,013
	Block	10,824	3	,013
	Model	10,824	3	,013

Sumber: *Output* SPSS

The omnibus test is analogous to the F value in logistic regression testing. The results of the Omnibus Test obtained a Chi-Square coefficient of 10.824 with a significance level of 0.013 (<0.05). The test provides significant results so that it can be concluded that management change and financial difficulties together (simultaneously) have an effect on auditor switching.

CONCLUSIONS

Based on the test results and discussion described in the previous section, it can be concluded that:

a. The test results show that management changes do not have a significant effect on auditor switching, which means that management changes are not always followed by changes in company policies in using the services of a public accounting firm (KAP). This study does not support the results of previous studies conducted by Wijayanni and Januarti (2011), Zadeh and Roohi (2010) and Oktopani (2013).
b. The test results show that financial difficulties do not have a significant effect on auditor switching, indicating that financial difficulties are not a factor causing companies to do auditor switching, perhaps because most of the companies sampled use KAP Non Big Four services, thus changing KAP to use KAP services. The Big Four will in fact further complicate the company's financial condition due to the increase in audit services.
c. The test results show that financial difficulties moderate the relationship between management change and auditor switching, which is accepted, indicating that financial difficulties are a factor. The cause of companies to do auditor switching is followed by changes in company policies in using the services of a public accounting firm (KAP).

SUGGESTION

Research on auditor switching in the future is expected to be able to provide higher quality research results by considering the following suggestions:

a. For further research, the researcher suggests that the research sample be expanded by considering the use of all companies listed on the IDX as the research population.
b. Further research, can also add other variables, such as audit quality, audit opinion, company size, audit fees and so on, which might influence the change of KAP to increase knowledge about auditor switching in Indonesia.
c. In future studies, the authors suggest replacing the moderating variables with variables that can bind other variables.

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