EFFECT FINANCIAL CONDITION, ITS SIZE, SIZE KAP, ON AUDITOR SWITCHING ON COMPANY LISTED IN BEI YEAR 2014-2019

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Abstract *- This study is aimed the effect of Financial Condition, Company Size and Public Accountant Size on the Auditor Switching in manufacturing consumer goods companies that listed in Indonesian Stock Exchange (IDX) from 2014 to 2019.*

This research uses associative causal relationship research with a quantitative approach, which is measured using logistic regression method use E-views 10. Data used in this research is secondary data. Samples were taken using purposive sampling technique with a total sample of 33 companies in 2014-2019.

The results showed that Financial Condition had a positive and insignificant effect on Auditor Switching. Firm Size had a positive and insignificant effect on Auditor Switching. Public Accountant Firm Size had a negative and significant effect on Auditor Switching. While the research results from the simultaneous test (Likelihood Ratio Statistics) show that the Financial Condition, Company Size, Public Accountant Firm Size together (simultaneously) have no effect on Auditor Switching

Keywords: *Auditor Switching, Financial Condition, Company Size, Public Accountant Firm Size.*

Abstrak–Penelitian ini bertujuan untuk menguji apakah pengaruh Kondisi Keuangan, Ukuran Perusahaan, Ukuran KAP terhadap Auditor Switching pada perusahaan manufaktur sektor barang konsumsi (consumer goods) yang terdaftar di Bursa Efek Indonesia tahun 2014-2019.

Penelitian ini menggunakan penelitian asosiatif hubungan kausal dengan pendekatan kuantitatif, yang diukur dengan menggunakan metode regresi logistik dengan program E-views 10. Data yang digunakan pada penelitian ini adalah data sekunder. Sampel diambil menggunakan teknik purposive sampling dengan jumlah sampel sebanyak 33 perusahaan tahun 2014-2019.

Hasil penelitian menunjukkan bahwa Kondisi Keuangan berpengaruh positif tidak signifikan terhadap Auditor Switching. Ukuran Perusahaan berpengaruh positif tidak signifikan terhadap Auditor Switching. Ukuran KAP berpengaruh negatif signifikan terhadap Auditor Switching. Sedangkan hasil penelitian dari uji simultan (Likelihood Ratio Statistics) bahwa Kondisi Keuangan, Ukuran Perusahaan dan Ukuran KAP secara bersama-sama (simultan) tidak berpengaruh terhadap Auditor Switching.

***Kata Kunci*:** *Auditor Switching*, Kondisi Keuangan, Ukuran Perusahaan, Ukuran KAP.

I. PRELIMINARY

The financial report is one of the tools needed by management to account for management activities to the owner of the company. The financial statements that are presented must show the proper condition of the company. Various information presented in the financial statements is used for decision making for both internal and external parties. The financial statements must be reliable and the submission of financial reports must be relevant *(relevance)* and reliable *(reliable)*. Because Parties external want reliable information from company management regarding their responsibility for the funds that have been invested in the company and other information that can be used as a basis for decision making.

The financial statements are the results of management, where these results can be influenced by management. The financial statements of a company must be audited by an independent auditor in order to convince users of the financial statements that the financial statements have credibility and have been fairly presented. Independence is the main key for an auditor to assess the fairness of the financial statements he has reviewed. The independence of an auditor will be lost if the auditor has a long and close relationship with his client. Efforts that can be avoided by the auditor not to get too close to the client is to limit the engagement period so that the auditor's independence is not disturbed in providing the audit opinion to be given by the auditor. Indonesia is one of the countries that requires the replacement of KAP and auditors with a predetermined time limit, the government has regulated the obligation to rotate the auditor in the Minister of Finance Decree No. 17 / PMK.01 / 2008 concerning Public Accountant Services.

Public accountants may return audit services on historical financial information to the entity after 2 (two) consecutive financial years have not provided such audit services (Article 11 paragraph 4). Based on Government Regulation no. 20 of 2015 there are no more restrictions for the Public Accounting Firm (KAP). And to tighten supervision of public accountants (AP) who carry out audits of financial service providers, OJK issued POJK Number 13 of 2017 concerning the use of public accounting services and Public Accounting Firms in financial service activities. The company will feel comfortable with the relationship that it has with its clients because the engagement period is too long (Diandika Harum and Badera Nyoman, 2017). To avoid the closeness that can exist between the auditors and their clients, the company needs to do *auditor switching. Auditor switching* can be mandatory or voluntary, in Indonesia itself *auditor switching is* required. The case that occurred in Indonesia was a *consumer goods* company, namely the Tiga Pilar Sejahtera Food Tbk company. related to the findings of inflated funds in the 2017 financial statements of Rp. 4 trillion in accounts receivable, inventory, and assets of fixed the TPS Food Group and amounting to Rp. 662 billion in sales and Rp. 329 billion in food entity EBITDA under question by new management. The financial statements of the company Tiga Pilar Sejahtera Food Tbk. This 2017 period was audited by the Public Accountant Office (KAP) Amir Jusuf, Aryanto, Mawar, & Partners. KAP Aryanto, Amir Jusuf, Mawar & Saptoto already since 2004 audited financial statements of companies Tiga Pilar Sejahtera Food, although it changed its name several times(www.cnbc Indonesia.com)..

According to research conducted by Khasharmeh Ali (2015), financial conditions have a negative effect on *auditor switching*. This contradicts the research conducted by Pradita Putri and Laksito Herry (2015) which states that financial conditions have no effect on *auditor switching*. According to research I Pratiwi and Ketut RM (2019), Arisudhana Dicky (2017) states that the company has a positive effect on auditor turnover. This contradicts research conducted by Sidhi Muria and Made Wirakusuma (2015), Pradhana Bayu and Suputra Dharma (2015) which state that company size has no effect on auditor turnover. According to research by Safriliana and Muawanah (2019), Manto Juli and Manda Lesmana (2018), Ni Pradnyani and Made Latrini stated that the size of KAP has a positive effect on *auditor switching*. This contradicts the research conducted by Wijaya and Rasmini (2015), Antoni Syafrul *et, al* (2018), Arsih Luki and Anisykulillah (2015) which state that the results of their research show the size of KAP has no effect on auditor turnover.

Researchers choose objects in sector companies' consumer *goods* listed on the Indonesia Stock Exchange in 2014-2019 because the sector *consumer goods* has good business prospects that can be seen from their growing revenue, which should be expected that way,sector companies' consumer *goods* can follow the regulations. the government which regulates the change of auditors. Based on the background explanation above, the researcher is interested in taking this research with the title **"The Influence of Financial Conditions, Company Size, KAP Size on *Auditor Switching* in Companies listed on the IDX in 2014-2019"**

II. LANDASAN TEORI

2. 1. Agency Teori

relations arise when the owner (*principal*) gives the manager (authority agent)to manage the company he owns (Safriliana and Muawanah, 2019). Managers in managing the company tend to prioritize personal interests compared to increasing company value. Management wants additional compensation or bonuses when they feel they have done their job well. On the one hand, shareholders want their investment to produce good returns, with increased financial results, in this case, namely dividends large. The problem that then arises in agency relationships is information asymmetry (Maryani Sri, *et al*, 2016).

2. 2. Financial Condition

The financial condition of a company is something that is fully displayed on the finances of a company during a certain period or period of time (Yanuariska and Ardiati, 2018). The health level of a company can be seen from the company's financial condition. This financial condition can show how the real condition of a company is. Is the company in good condition so that it can survive or the company is in bad condition, so that it can threaten the survival of the company. If there are many problems *going concern* in a company, the company is said to have a bad financial condition.

2. 3. Company Size

of a company is a description of the size of the company. Company finance is associated with determining the size of the size of the company. The size of the company can be described as large or small, namely by looking at total assets, total sales, average total sales, and average total assets. Large companies are more trusted in facing financial difficulties compared to small companies (Sidhi Muria and Wirakusuma Made, 2015). Larger client companies have had business difficulties and increased separation between management and ownership.

2. 4. KAP Size

Public accounting firm (KAP) is a business entity established based on statutory provisions and obtaining a business license based on Law Number 5 of 2011 concerning Public Accountants. According to Maryani Sri *et al,* (2016) the size of the KAP can be said to be large if the KAP is affiliated with *Big-4*, has branches and clients of large companies and has a professional staff of more than 25 people. Meanwhile, the size of KAP is said to be small if it is not affiliated with *Big 4* and has less than 25 professional staff. Audit quality in Indonesia is often linked to foreign affiliates it owns. In making the decision for auditor switching, the size of KAP is taken into consideration by the client.

2. 5. Auditor Switching

Auditor switching is a change of auditors and changes in KAP by client companies as a result of an audit rotation obligation (Pradnyani and Latrini, 2017). Transfer of KAP is the behavior of companies to do *auditor switching* (Sima Putri and Badera Nyoman, 2018). *Auditor switching* can be mandatory *(mandatory)* or voluntary *(voluntary)*. *Auditor switching* which is mandatory occurs due to government regulations that govern. Meanwhile *auditor switching* , voluntary occurs due to factors affecting.

III. RESEARCH METHOD

3. 1. Data Collection Methods and Sample Selection

This research uses secondary data obtained from annual reports and financial reports sector manufacturing companies *consumer goods* that have been issued by the Indonesia Stock Exchange (IDX) or the company itself and the data can be obtained through the Indonesia Stock Exchange website, namely www.idx.co.id or through the respective company websites . The strategy used in this study is to use associative causal. Based on the predetermined criteria, in the 2014-2019 period, 33 companies met the criteria and multiplied by 6 years became 198 samples..

3. 2. Operational Variables

There are two variables used in this study, namely, the dependent variable (Y) and the independent variable (X).

1. Financial

Condition The company's financial condition is a description of the company's health level (Rahim Syamsuri, 2016). Companies that have financial problems will choose a good auditor. The financial condition variable will be measured using the ratio *return on asset* (ROA).

$$\textit{Return On Asset} = \frac{\text{Net Income}}{\text{Total Asset}} x100\%$$

2. Company Size

Size of the company is a scale in which the size of the company can be classified as associated with the company's finances. Company size can be measured from the value *total asset*. The greater the value *total assets of* a company, it can be indicated that the company is a large company or vice versa. The firm size variable in this study is calculated using the natural logarithm of the total *assets* company.

$$\textit{Size} = \text{Ln (Total Assets)}$$

3. Size Of KAP

KAP is a business entity established based on statutory provisions and obtaining a business license based on Law Number 5 Year 2011 concerning public accountants. The size of the KAP is said to be large if it is large if the KAP is affiliated with *Big-4*, has branches and clients of large companies and has a professional staff of more than 25 people. The variable size of KAP in this study will be measured by variables *dummy*, namely by giving a value of 1 (one) if the KAP has an affiliation with *big-4*, and a value of 0 (zero) if KAP does not have an affiliation with *big-4*.

3.3. Data Analysis Method The Data

The analysis method used in this research is the quantitative analysis method. The analytical tool used in this research is to use the techniques descriptive statistical analysis and logistic regression analysis. Descriptive statistical analysis and logistic regression analysis in this study were conducted using Eviews software version 10. The appropriate method for obtaining and collecting research data used in this study is documentation observation data.

IV. RESULTS AND DISCUSSION

4. 1. Data Analysis

4.2.1. Deskriptive Statistics

Statistical Statistics provide an overview or description of data seen from the mean, standard deviation, variant, maximum, minimum, sum, *range, kurtosis* and *skewness* (distribution slope) (Ghozali, 2017).

Tabel 4.2

Hasil statistik deskriptif

	ROA	SIZE	KAPBIG4
Mean	7.995073	23.74328	0.308081
Median	6.105664	26.93033	0.000000
Maximum	54.88535	30.63990	1.000000
Minimum	-20.80423	13.13205	0.000000
Std. Dev.	10.64969	5.610653	0.462870
Observations	198	198	198

Source: Output E-views 10 (2020)

Based on table 4.2. It can be seen that the average value (*mean*) for financial conditions as measured by using *Return On Assets* (ROA), namely by comparing net income with *total* assets is 7,995073 which indicates that the average company *consumer goods* manages all of its assets. ROA has a(*median mean*) of 6.105664. The highest value (*maximum*) in this variable is 54.88535 which is obtained by the company Chitose International Tbk. (CINT) in 2015. And the lowest (ROA value minimum)of -20.80423 was obtained by the company Bentoel Internasional Investam Tbk. (RMBA) in 2014. ROA has a standard deviation of 10.64969 which means that ROA has a data distribution of 10.64969.

Based on table 4.2. above shows the average (*mean*) value for company size as measured by the natural logarithm of *total assets* amounted to 23.74328, which means this shows that the average assets owned by the company. *Size* has a middle value (*median*) of 26.93033. The highest value (*maximum*) in this variable is 30.63990 obtained by the company Kalbe Farma Tbk. (KLBF) in 2019. And in 2015 the company Akasha Wira Internasional Tbk. Get the lowest (*minimum*) score, namely 13.13205. While the standard deviation value is 5.610653, which means that *SIZE* has a data distribution of 5.610653.

Based on Table 4.2, it shows that the average (*mean*) KAPBIG4value for the six years of observation is 0.308081 and the value is*median*0.000000 with the lowest (*minimum*) value of 0.000000 and the highest (*maximum*) value of 1,000000 because this variable uses a variable *dummy*. The standard deviation for the variable KAPBIG4 is 0.462870. This means that KAPBIG4 has a data distribution of 0.462870.

4.2.2. Analysis Logistic Regression

regression is a regression used to test whether the probability of the dependent variable occurring can be predicted with the independent variable (independent).

Tabel 4.3

Hasil Regresi Logistik

Dependent Variable: AS
Method: ML - Binary Logit (Newton-Raphson / Marquardt steps)
Date: 08/04/20 Time: 14:16
Sample: 1 198
Included observations: 198
Convergence achieved after 3 iterations
Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.460624	0.733624	-0.627874	0.5301
ROA	0.000355	0.014739	0.024084	0.9808
SIZE	0.008524	0.027831	0.306263	0.7594
KAPBIG4	-0.682982	0.342925	-1.991635	0.0464

McFadden R-squared	0.017864	Mean dependent var	0.388889
S.D. dependent var	0.488734	S.E. of regression	0.486697
Akaike info criterion	1.353026	Sum squared resid	45.95361
Schwarz criterion	1.419455	Log likelihood	-129.9496
Hannan-Quinn criter.	1.379914	Deviance	259.8991
Restr. deviance	264.6264	Restr. log likelihood	-132.3132
LR statistic	4.727291	Avg. log likelihood	-0.656311
Prob(LR statistic)	0.192891		

Obs with Dep=0	121	Total obs	198
Obs with Dep=1	77		

M

Source: Output E-views 10 (2020)

Based on Table 4.3 above, it can be concluded that the results of the *output* above get the logit equation as follows:

$$\text{Ln}\left(\frac{AS}{1-AS}\right) = -0{,}460624 + 0{,}000355\text{ROA} + 0{,}008524\text{Size} - 0{,}682982\text{KAPBIG4}$$

From the regression equation above, it can be explained that:

1. Based on the regression equation above, the constant gets a coefficient of negative 0 , 460624. This means that if the independent variable is equal to 0, then the possibility of *auditor switching will* decrease by 0.460624% and it is not significant at α = 0.05.
2. The variable financial condition (ROA) obtained a positive coefficient value of 0.000355 and has a significant effect on α = 0.05. This means that if each *Return On Assets* (ROA) increases by 1%, then the possibility of *auditor switching* will increase by 0.000355%.
3. The coefficient value of the firm size variable (*SIZE*) is positive 0.008524 and has a significant effect on α = 0.05. This means that if each company size increases by 1%, it will likely increase *auditor switching* by 0.008524%.
4. The coefficient of the KAP size variable (KAPBIG4) is negative 0.682982 and not significant at α = 0.05. This means that if each KAP size increases by 1%, then the possibility of *auditor switching* will decrease by 0.682982%.

4.2.2.1 Assessing the Appropriateness of the Regression Model

feasibility of the regression model was assessed using the *Goodness of Fit. Hosmer and Lemeshow's Goodness of Fit Test* tests the null hypothesis that the empirical data fits the model or the model is appropriate (Ghozali, 2017). If the value of the *Hosmer and Lemeshow Goodness of Fit Test Statistics is* equal to or less than 0.05, 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* model is not good because the model cannot predict the value of his observations. Meanwhile, if the statistical value of *Hosmer and Lemeshow Goodness of Fit is* more than 0.05, the null hypothesis cannot be rejected, which means that the model is acceptable because it matches the observation data and is able to predict the value of the observation (Ghozali, 2017).

Tabel 4.4

Hasil Kelayakan Model

(*Hosmer and Lemeshow's Goodness of Fit*)

H-L Statistic	7.7135	Prob. Chi-Sq(8)	0.4619
Andrews Statistic	10.1721	Prob. Chi-Sq(10)	0.4255

Source: Output E-views 10 (2020)

Based on table 4.4 above shows that the results of *Hosmer and Lemeshow's Goodness of fit are* 7,7135 with prob. *Chi-Square,* which is 0.4619. So it can be concluded that the value of the statistics is *Hosmer and Lemeshow's Goodness of fit* far above the value of 0.05. So thus the null hypothesis cannot be rejected, which means that the model is acceptable because it matches the observation data and is able to predict the value of the observations.

4. 2. Hypothesis Testing

Hypothesis testing is to determine whether there is a significant influence between the independent variable and the dependent variable.

4. 2. 1 Partial Significance Model Test (Z Statistical)

TestZ-Test Statistic This can be done by looking at and comparing the probability value against α = 0.05, if the probability value is less than α, then H_0 is rejected, this means that the independent variable has an effect on the dependent variable, otherwise if the probability value is more than α, then H_0 is accepted. it means that the independent variable has no effect on the dependent variable.

Tabel 4.5

Hasil Uji *Z-Statistics*

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.460624	0.733624	-0.627874	0.5301

ROA	0.000355	0.014739	0.024084	0.9808
SIZE	0.008524	0.027831	0.306263	0.7594
KAPBIG4	-0.682982	0.342925	-1.991635	0.0464

Source: Output E-views 10 (2020)

The results of the test *Z-statistics* of each independent variable (independent) on the dependent variable are as follows:

1) Financial condition variables (ROA)

Based on the results of data processing obtained from table 4.5 It can be seen that the ROA value is 0.9808. So this shows that H_0 is accepted and H_a is rejected. So it can be concluded that the financial condition variable has a positive and insignificant effect on *auditor switching*.

2) Firm size variable (SIZE)

Based on the output results obtained from table 4.5, it can be seen that the value *SIZE* is 0.7594. So this means that H_0 is accepted and Ha is rejected. And it can be concluded that the firm size variable has a positive and insignificant effect on *auditor switching*.

3) KAP size variable (KAPBIG4)

Based on the results obtained from table 4.5, it can be seen that the value KAPBIG4 is 0.0464. So this means that H_0 is rejected and H_a accepted. So it can be concluded that the KAP size variable has a significant negative effect on *auditor switching*.

4. 2. 2 Assessing the Eligibility of the Overall Model (*Overall Model Fit*)

Thetest is *Overall Model Fit* used to assess whether the hypothesized overall model test is fit or not with the data. This test uses *Likelihood Ratio Statistics* (LR). *Likelihood Ratio Statistics* (LR) is used to determine whether together the independent variables have a simultaneous influence on the dependent variable.

Tabel 4.6

Uji *Likelihood Ratio Statistics*

McFadden R-squared	0.017864	Mean dependent var	0.388889
S.D. dependent var	0.488734	S.E. of regression	0.486697
Akaike info criterion	1.353026	Sum squared resid	45.95361
Schwarz criterion	1.419455	Log likelihood	-129.9496
Hannan-Quinn criter.	1.379914	Deviance	259.8991
Restr. deviance	264.6264	Restr. log likelihood	-132.3132
LR statistic	4.727291	Avg. log likelihood	-0.656311
Prob(LR statistic)	0.192891		

Source: Output E-views 10 (2020)

Based on the results of table 4.6 above, the value *chi-square* calculator LR *statistics is* 4.727291, while the *chi-square value of* table df 3, $\alpha = 0.05$ is obtained for 7.82. Then it can be concluded that the value *chi-square* calculated(4.727291) <the *chi-square* table value (7.82). Furthermore, it can be seen from the LR test by

comparing *Prob* (LR *statistics*) on α, the value of *Prob* (LR *statistics*) is 0.192891> 0.05. So it can be concluded that H_0 is accepted and H_a is rejected, then the case This means that simultaneously The independent variables (ROA, SIZE, and KAPBIG4) have no effect on the dependent variable (*Auditor Switching*).

4.3.1 Coefficient of Determination Regression Testing (R^2)

Testing the coefficient of determination (R^2)in the logit model analysis is to look at value. *McFadden R-Squared coefficient* of determination is *McFadden R-Squared* to determine how much and how far the influence of the independent variable on the dependent variable. The coefficient of determination is between 0 (zero) and 1 (one). *McFadden R-Squared is* getting closer to the value of 1 (one), then the model is considered the better the *goodness of fit*, or the greater the ability of the model to explain changes from the independent variable to the dependent variable. Conversely, if the *McFadden R-Squared value* is closer to 0 (zero), the smaller the model's ability to explain changes from the value of the independent variable to the dependent variable. Here are the results of tests conducted by the researchers:

Tabel 4.7

Analisis Koefisien Determinasi (R^2)

McFadden R-squared	0.017864	Mean dependent var	0.388889
S.D. dependent var	0.488734	S.E. of regression	0.486697
Akaike info criterion	1.353026	Sum squared resid	45.95361
Schwarz criterion	1.419455	Log likelihood	-129.9496
Hannan-Quinn criter.	1.379914	Deviance	259.8991
Restr. deviance	264.6264	Restr. log likelihood	-132.3132
LR statistic	4.727291	Avg. log likelihood	-0.656311
Prob(LR statistic)	0.192891		

Source: Output E-views 10 (2020)

Based on the hypothesis testing conducted in this study, the independent variable is financial condition, company size, and firm size and the dependent variable is *auditor switching*. This study uses logistic regression with *software Eviews* 10. Interpretation of the results of this study shows:

4. 3. Interpretasi Data

Based on the hypothesis testing conducted in this study, the independent variable is financial condition, company size, and firm size and the dependent variable is *auditor switching*. This study uses logistic regression with *software Eviews* 10. Interpretation of the results of this study shows:

4. 3. 1 Partially Significant Test (Z Statistics)

4. 3. 1. 1 Effect of Financial Conditions on *Auditor Switching*

Based on the results of the Z test, the statistics show that financial conditions have a probability of *Z-statistic* of 0.9808 which means 0 , 9808 larger from α = 0.05, this indicates that financial conditions have a positive and insignificant effect on *auditor switching* for companies' consumer *goods* listed on the Indonesia Stock

Exchange (IDX) in the 2014-2019 period. The results in this study are the same as previous research conducted by Khasharmeh Ali (2015) which states that financial conditions have a negative effect on *auditor switching*. The results of this study contradict research conducted by Pradita and Laksito (2015) which states that financial conditions have no effect on *auditor switching*.

This shows that if the company is experiencing financial difficulties, it tends not to change auditors too often, because if the company changes auditors too often it can reduce the trust of shareholders and creditors, which will lead to negative perceptions. If the company's financial condition is getting better, there will be *auditor switching*. However, due to the existence of PP No.20 of 2015 which regulates the mandatory audit rotation, companies, which are already about to change auditors, will continue to change auditors.

4. 3. 1. 2 The Influence of Company Size on *Auditor Switching*

Based on the test results of Z statistics, it shows that company size has a probability value of the *Z-statistic,* which is 0.7594, which means 0.7594 is greater than α = 0.05, it can be concluded that size the company has a positive and insignificant effect on *auditor switching* companies *consumer goods* listed on the Indonesia Stock Exchange (BEI) in 2014-2019. The results in this study are in line with previous research conducted by I Pratiwi and Ketut RM (2015) which states that company size has a positive effect on *auditor switching*. This contradicts the results of research conducted by Sidhi Muria and Made Wirakusuma (2015) and Pradita and Laksito (2015) which state that company size has no effect on *auditor switching*.

This shows that when the company gets bigger and has large total assets, the greater the responsibility that management has towards shareholders and thus will occur *auditor switching*. Companies will tend to useKAP services *big-4* to audit their financial statements, because quality KAP is trusted to increase the company's credibility. Large and small companies, if it is supposed to change auditors, will change auditors in accordance with PP. 20 of 2015.

4. 3. 1. 3 The Effect of KAP Size on *Auditor Switching*

Based on the results of the Z test, the statistics show that the size of KAP has a probability of *Z-statistics* of 0.0464 which means it is smaller than the value of α = 0.05, this indicates that the size KAP has a significant negative effect on *auditor switching* for companies *consumer goods* listed on the IDX from 2014-2019. The results in this study support the results of research conducted by Safriliana and Muawanah (2019), but contradict the results of research conducted by Antoni *et. al* (2018) and Aroh Chike *et. al* (2017) which states that KAP size has no effect on *auditor switching*.

This shows that companies that use KAP *non big4* will tend to change auditors to increase the credibility of the company in the eyes of investors, shareholders and creditors, and the company will choose KAP *big4*. KAP size can determine the quality of services to be determined. KAP *big4* has stronger independence to withstand pressure from management and more audit experience than theKAP *non big-4*. But if the company uses a large KAP, there will be no *auditor switching*. Companies that use KAP *big-4* and KAP *non big-4* still have to change auditors in accordance with regulations made by the government, namely PP No. 20 of 2015.

V. CONCLUSIONS AND RECOMMENDATIONS

5. 1. Conclusion

This study aims to examine the effect of financial conditions, company size and size of public accounting firms on *Auditor Switching* in manufacturing companies *consumer goods* listed on the Indonesia Stock Exchange (BEI) in 2014-2019. The data analysis used by researchers is logistic regression analysis with *software Eviews 10*. Based on the results of data analysis with logistic regression testing that has been carried out, the researcher can draw the following conclusions:

1. Financial conditions have a positive and insignificant effect on *auditor switching*. This means that when the company is experiencing financial difficulties, it tends not to change auditors too often, which will lead to negative perceptions. If the company's financial condition is getting better, there will be *auditor switching*.
2. Firm size has no significant positive effect on *auditor switching*. This means that if the company is getting bigger and has large *total assets* , the greater the responsibility that management has towards shareholders, so there will be *auditor switching*.
3. KAP size has a significant negative effect on *auditor switching*. This means that companies that use KAP *non big-4* will tend to change auditors to increase the company's credibility in the eyes of investors, creditors and shareholders. But if the company uses a large KAP, there will be no *auditor switching*.

5. 2. Suggestion

Based on the research described above, the suggestions from researchers for further researchers are as follows:

1. For companies, if they have been using the same auditor for 5 years, it is necessary to do *auditor switching*.
2. For KAP, both medium and medium KAPs need to pay attention to the quality of audits and audit personnel so that not easy *auditor switching is*.
3. For regulators, to monitor issuers more frequently in implementing *auditor switching*.

5. 3. Limitations and Further Research Development

In this study there are limitations that can be developed in further research and can be taken into consideration for future researchers in order to get better results.

1. Researchers have difficulty finding books published in the latest year due to the PSBB at the beginning of the Covid-19 pandemic.
2. Researchers have difficulty collecting data in the form of financial reports for 2014-2019 because not all samples have annual reports.
3. The result of the determinant coefficient only shows a value of 0.017, so maybe that causes the auditor *switching* not the variable under study. It is hoped that further researchers will be able to observe other factors such as audit opinion, management change, *audit delay* and so on which have a close relationship with *auditor switching*.

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