

**THE EFFECT OF FINANCIAL DISTRESS,  
AUDIT GOING CONCERN OPINION WITH  
PARAGRAPH AND AUDIT FIRM SIZE ON  
AUDITOR SWITCHING  
(Empirical Study on Manufacturing Companies  
Listed on the Indonesia Stock Exchange 2015-2019)**

**1<sup>st</sup> Nia Dewi Rohmayani, 2<sup>nd</sup> Krishna Kamil**

**S1 Accounting**

**Indonesian Higher Education Economics School**

**Jakarta, Indonesia**

[niadewirahmayani0909@gmail.com](mailto:niadewirahmayani0909@gmail.com); [krishnakamil@gmail.com](mailto:krishnakamil@gmail.com)

**Abstract**-This study aims to examine the effect of financial distress, audit going concern opinion with paragraph and audit firm size on auditor switching in manufacturing sector companies listed on the Indonesia Stock Exchange for the period 2015-2019. The sample selection used purposive sampling method and the technique used was logistic data regression. The total sample used in this study amounted to 19 manufacturing companies.

This study uses a qualitative strategy which aims to determine two or more variables through research with a quantitative approach. This research was measured using Eviews software version 10. The data used in this research is secondary data with the technique of collecting data using the documentation method through the official website of the Indonesian Stock Exchange (IDX): [www.idx.co.id](http://www.idx.co.id).

The results of this study indicate that financial distress (ROA) has no effect on auditor switching. Audit going concern opinion with paragraph has no effect on auditor switching. Audit firm size has no effect on auditor switching.

**Keywords:** *financial distress, audit going concern opinion with paragraph, audit firm size and auditor switching.*

## **I. PRELIMINARY**

### **1.1 Background**

Public accountant is an independent party that is able to bridge the conflict of interests between the principals (shareholders) with the agent, i.e. management as the manager of the company (Yasmin, 2013). The financial statements are the responsibility of management need to be audited by Public Accountant Office (KAP) as an independent third party. It is important for the financial statements the company has credibility, and can be useful for parties-party users of financial statements, the financial statements important to request the opinion to an independent party (KAP). The increasing needs of audit services is highly influential on the development of the public accounting profession in Indonesia. And increasing the number of public accountant office (KAP) that operate can lead to competition between the KAP of one with the other, thereby enabling the company to move from one public accountant office to another public accountant office.

Turn the KAP or the auditor is motivated by the case of KAP Arthur Anderson helped Enron in manipulating the profit and doing the destruction of evidence related to the audit of Enron in the form of electronic mail and other documents in the United States. The deeds done by the firm of Arthur Anderson can not maintain its independence because it does not work with caution so that the financial information has been audited by the firm of Arthur Anderson can't be trusted and contains a lot of doubts.

There are similar cases that happen in Indonesia, namely PT. Tiga Pilar Sejahtera Food Tbk (AISA) audited by KAP Amir Abadi Jusuf, Aryanto, Rose & Associates (an Affiliate of RSM International) in the year 2017. The case is still in the process of an investigation related to an over statement on LKT 2017 PT. Tiga Pilar Sejahtera Food Tbk (AISA). A bulge is found after the new management AISA ask for an investigation over the LKT company of the year 2017. The results of the investigation find the over statement to Rp. 4 trillion in accounts receivables, inventory, and fixed assets of the Group the TPS and the Rp. 662 billion in post sales as well as Rp. 329 billion in EBITDA (earnings before interest, tax, depreciation and amortization) business entities food. Also found the alleged flow of funds amounting to Rp. 1,78 trillion with the various schemes of the Group the TPS to the parties who are allegedly affiliated with the old management. Interestingly, the investigation on the financial statements of AISA is done by Ernest Young. Special KAP, because still in the investigation, the FSA has not released the sanctions. ([www.cnbcindonesia.com](http://www.cnbcindonesia.com)).

With the issuance of regulations by the government to any company that requires to do the rotation of auditors so that the resulting behavior of the company to do auditor switching. Auditor switching can occur in a mandatory (compulsory) or voluntary (voluntary). The turn of the auditor for mandatory happens if the company replace the KAP, which has been auditing the company during the period that has been set then it is unquestionable, because it is forcing and companies do this because they want to comply with the regulations that have been established and are applicable in Indonesia.

## **II. LITERATURE REVIEW**

### **2.1 Review of Previous Research Results**

Research done by Juli and Dewi (2018) is to analyze and obtain empirical evidence about the influence of the size of the KAP to the turn of the auditors. The results of this test show that the size of Public Accountant Office (KAP)

significantly influence the auditor switching. While the research conducted by Fitriani and Zulaikha (2014) show that for the financial distress effect on auditor switching, while for the audit opinion does not affect to the auditor switching.

Research Joseph Chike et al., (2017) researching about the variables financial distress and also the size of the KAP does not affect the alternation of the KAP of that happening in Nigeria. This research use survey method and the survey method is selected because it allows to produce a large volume of data from various organizations so as to make the result more worthy to decide the policy and generalizations.

## **2.2 Theoretical basis**

### **2.2.1 Auditor Switching**

Auditor switching is the displacement of Public Accountant and Public Accountant Office that conducted by the company because of the rotation of the auditors or the KAP (Soraya & Haridhi, 2017). According to Hermawan, 2013, in the side of the company, auditor switching is an act of decision-making planned by the company to increase the value of companies and their profits. The actions the auditor switching is done with full consideration because it will have a major impact for the company, such as : the level of investor confidence. Auditor switching can be caused by several factors that can be derived from the factors client factors, and auditors.

### **2.2.2 Financial Distress**

Financial Distress is a situation where a company is experiencing financial difficulties mild to a more serious (Dwiyanti & Sabeni, 2014). The company experienced financial distress, among others, characterized by the presence of the dismissal of the labor or the loss of dividend payments, as well as the cash flow that is smaller than the long-term debt. Financial distress begins when a firm is not able to meet the payment schedule or cash flow projection shows in the near future these payments will not be met. The level of health of a company can be seen from the financial condition of the company i.e. if the financial liabilities is greater than his wealth, then it can be said of companies from insolvency and vice versa.

### **2.2.3 Audit Going Concern Opinion with Paragraph**

Based on the Audit Standard 570 which Auditing Standards (“SA”) this set of responsibilities of auditors in the audit of the financial statements related to the use of the assumption of the continuity of the business (the audit opinion with a paragraph of a going concern) by management in the preparation of the financial statements.

The assumption of business continuity (audit opinion with a paragraph of going concern) that an entity is deemed to survive in the business for the future can be predicted. The purpose of financial statements prepared on a basis of continuity of business, unless management intends to liquidate the entity or cease operations, or has no realistic alternatives in addition to performing the actions mentioned above. The financial statements of special purpose which can or not necessarily prepared in accordance with a framework of financial reporting that are relevant to base the continuity of the business (for example, base business continuity is not relevant for some financial statements prepared on a tax basis in particular jurisdictions). When the applicability of the assumption of business continuity is not appropriate, assets and liabilities are recorded on the basis of the entity will be

able to realize its assets and pay off of such liability in the normal course of its business.

Audit opinion with a paragraph of going concern is a statement of opinion or the opinion of the auditor on a company's financial statements, after the auditor performs checks on the reasonableness of a company's financial statements (Pawitri & Yadnyana, 2015).

#### **2.2.4 Audit Firm Size**

Audit Firm Size is the size that determines the size of a Public Accountant Office (KAP), divided into two groups, namely KAP affiliated with the KAP of the Big 4 and KAP is not affiliated with the KAP of the Big 4 (Wea, Alexandros Ngala Solo & Murdiawati, 2015). In Indonesia, the number of public accountant office from year to year is increasing in line with the rapid growth of the economy and business. Until recently there have been more than 500 public accountant firm which can be classified into the office of the accountant large, medium, and small. The public accountant office is a large one, only a few in number and generally cooperated with the office-the office of the accountant international scale.

The KAP of the big-4 (Widiawan, 2012) are the four international accounting firms largest and the professional services firm engaged in audit and consulting for company trade and private. As for which is included in the big-4 is :

1. Pricewaterhouse Coopers which is affiliated with the office of public accountant Drs. Hadi Sutanto & Rekan until the end of the year 2003, then in 2004 changed its affiliation with the office of public accountant Haryanto Sahari & partners until 2008, then in 2009 changed its affiliation with the office of public accountant Tanudiredja Wibisana & Partners.
2. Deloitte Touche Tohmatsu affiliated with the office of public accountant Hans Tuanakotta Mustofa & Halim until 2005, then in 2006 changed its affiliation with the public accountant office Osman Ramli Satrio and Associates, then the year 2007 is affiliated with the Osman Bing Satrio & Partners;
3. Ernest & Young that is affiliated with a public accountant office Prasetio, Sarwoko & Sandjaja until 2005; then in 2006 changed to Purwantono, Sarwoko & Sandjaja.
4. KPMG, which is affiliated with the public accountant office Siddharta Siddharta & Widjaja.

### **2.3 Relationship between Research Variables**

#### **2.3.1 Relationship Financial Distress and Auditor Switching**

Financial Distress is a situation where a company is experiencing financial difficulties mild to circumstances more serious. The uncertainty in the business on companies which are experiencing financial difficulties even threatened with bankruptcy created the conditions which encourage companies to move the KAP (Astrini & Muid, 2013). Based on the theory of agency which assumes that human self-interest, then the agent tends to move to the KAP which can adjust to the financial condition of the company so that the company does not issue the audit fee is too large (Fitriani & Zulaikha, 2014). Companies that are experiencing financial difficulties tend to use auditors with higher quality than ever before, with the reason to earn the trust of shareholders and reduce the risk of litigation.

### **2.3.2 Relationship Audit Going Concern Opinion with Paragraph and Auditor Switching**

Audit Going Concern with Paragraph Audit opinion with a paragraph going concern is an opinion issued by the Office of the Public Accountant (auditor) to ascertain whether the company can maintain the continuity of his life. In the event the auditor evaluate whether there is scepticism about the ability of the entity to maintain its survival, then according to the Auditing Standards 700 of Public Accountants Professional Standards, states that auditors responsible for the evaluation of survival in a period of time appropriate, not more than one year from the date of the financial statements being audited (hereinafter such period shall be called with a term that is inappropriate).

Going Concern is the continuity of the business of an entity. When the entity has a conviction for a going concern, then an entity assessed will be able to maintain the continuity of the company's business in the long term. Auditing standards (Section 570, 2013) explains that if adequate disclosure listed in the financial statements, the auditor must state an opinion without modification and include a paragraph emphasis of a matter in the auditor's report related to significant doubts over the ability of the entity to maintain its survival. If adequate disclosure is not included in the financial statements, the auditor should express a qualified opinion with exceptions or opinions not reasonable according to its condition.

### **2.3.3 Audit Firm Size Relationship with Auditor Switching**

The size of the KAP is the size that is used to determine the size of a KAP. The size of the KAP can be said to be large if the firm is affiliated with the Big4, and is said to be small if not affiliated with Big4. The variable size of the KAP is measured using a dummy variable. If the company is audited by KAP affiliated with the Big4 then given a value of 1. Whereas if the company is audited by KAP affiliated with the non Big4 then given a value of 0.

## **2.4 Hypothesis Development**

As from previous research, the researcher tries to develop the following hypothesis:

### **1. The influence of financial distress on auditor switching**

Financial Distress is a situation where a company is experiencing financial difficulties, beginning with the financial difficulties mild to circumstances more serious. The company experienced financial distress, among others characterized by the presence of pemberentian labor or the loss of power of dividends as well as cash flow which is smaller than the long-term debt. This statement is in accordance with the performed Harvianto and Khasharmeh (2015) which proves that the financial distress effect on the turn of the KAP (auditor switching).

While the research conducted by Sinarwati (2010), Wijaya (2013), Lesmana (2016) and Ruroh (2016) examines the phenomenon of the alternation of the auditor are connected with the condition of financial distress point to the fact that the potential bankruptcy of the company does not affect the turn of the auditors. Based on previous research, the hypothesis in this research is formulated as follows :

**H1: Financial Distress affects Auditor Switching.**

**2. The influence of audit going concern opinion with paragraph on auditor switching**

Audit opinion with a paragraph going concern is an audit report with a modification for a going concern which indicates that in the assessment of the auditor there is a risk the company can not survive in the business. When the audit opinion with a paragraph going concern is obtained by a company then the market will react negatively, so the value of the company will decline. To resolve the situation then the management company will replace the auditor who has given opinion which is not expected and the finding of the auditor that is easy to set up.

Research done by Dwiyanti and Sabeni (2014) Harvianto (2015) and Budi et al. (2015) find that opinion going concern has an influence on the turn of the KAP (auditor switching). Meanwhile, according to the Asti and the Son (2015) in his research found that the audit opinion with a paragraph of going concern does not affect the alternation of the KAP (auditor switching). Based on previous research, the hypothesis in this research is formulated as follows :

**H2: Audit Going Concern Opinion with Paragraph has an effect on Auditor Switching.**

**3. Effect of audit firm size on auditor switching**

The size of Public Accountant Office (KAP) to be one of the factors that encourage the change of auditors because of the size of Public Accountant Office (KAP) reflect the reputation and quality is better. The size of the KAP also determines the credibility of auditors. Based on the theory of deep pocket investors are more likely to use accounting data that is produced auditors of repute due to the large KAP is able to withstand the pressure of management so that the KAP of the larger more independent than the KAP of regular size is small. The company would prefer a KAP with better quality to improve the quality of financial statements, and the company's reputation in the eyes of users of financial statements. (Wayan et al., 2013).

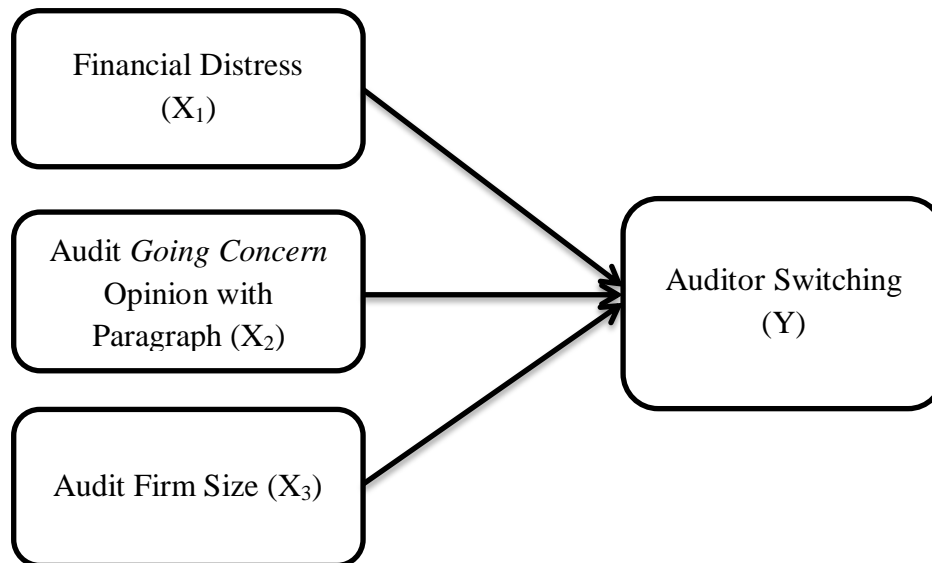
The results of the research conducted by the Ismaya (2017) indicates that the size of Public Accountant Office (KAP) negatively affect auditor switching. Yet another thing with research conducted by Dwiyanti and Sabeni (2014) and Budi et al. (2015) who show that the size of the KAP of the influence to turn the KAP (auditor switching). Based on previous research, the hypothesis in this research is formulated as follows:

**H3: Audit Firm Size affects Auditor Switching.**

## 2.5 Framework

The framework in this study is depicted in Figure 2.5 below.

Picture 2.5-1 Scheme of Thought



## III. RESEARCH METHOD

The population in this study are consumer goods sector companies and those that have been listed on the Indonesia Stock Exchange and the years taken in this research period are the 2015-2019 period (5 years of research). The sample of this research is companies listed on the Indonesia Stock Exchange (IDX) engaged in consumer goods which were selected by purposive sampling method. The number of companies engaged in consumer goods listed on the IDX during the 2015-2019 period is 19 companies. The year or research period used was 5 (five) years, namely 2015, 2016, 2017, 2018 and 2019. Thus, the total sample studied was 95 financial statements of agricultural companies.

## IV. RESULTS AND DISCUSSION

### 4.1 Results of Data Analysis

#### 4.1.1 Descriptive Statistical Analysis

The following are the results of descriptive statistical analysis, namely:

**Table 4.1 Descriptive Statistical Analysis Results**

	<b>Auditor Switching</b>	<b>Financial Distress</b>	<b>Audit Going Concern Opinion with Paragraph</b>	<b>Audit Firm Size</b>
Mean	0.147368	0.194214	0.631579	0.442105
Median	0.000000	0.1341	1.000000	0.000000

Maximum	1.000000	0.7114	1.000000	1.000000
Minimum	0.000000	0.0004	0.00000	0.000000
Std. Dev.	0.356353	0.178839	0.484935	0.499272
Observations	95	95	95	95

Based on the results of the descriptive statistics in table 4.1, it can be explained that the variable auditor switching to obtain the maximum values of 1,000000, a minimum value of 0,000000, and the average value (mean) of 0,147368 with a standard deviation of 0,356353.

#### 4.1.2 Logistic Regression Estimation Method

##### 4.1.2.1 Logistic Regression Analysis

**Table 4.2 The Results Of The Logistic Regression**

Dependent Variable: AUDITOR\_SWITCHING  
 Method: ML - Binary Logit (Newton-Raphson / Marquardt steps)  
 Date: 09/06/20 Time: 14:36  
 Sample: 2015 2019  
 Included observations: 95  
 Convergence achieved after 6 iterations  
 Coefficient covariance computed using observed Hessian

Variable	Coefficient	Std. Error	z-Statistic	Prob.
FINANCIAL_DISTRESSS	-2.193945	2.615019	-0.838979	0.4015
PARAGRAPH_OGC	-2.852905	0.831247	-0.432077	0.2006
AUDIT FIRM_SIZE	-0.208949	0.923024	-0.226375	0.8209
C	-0.105398	0.529539	-0.199036	0.8422
McFadden R-squared	0.238259	Mean dependent var		0.147368
S.D. dependent var	0.356353	S.E. of regression		0.324099
Akaike info criterion	0.721205	Sum squared resid		9.558632
Schwarz criterion	0.828736	Log likelihood		-30.25722
Hannan-Quinn criter.	0.764656	Deviance		60.51444
Restr. deviance	79.44224	Restr. log likelihood		-39.72112
LR statistic	1.92780	Avg. log likelihood		-0.318497
Prob(LR statistic)	0.100283			
Obs with Dep=0	81	Total obs		95
Obs with Dep=1	14			



4.1.2.2 Assess The Feasibility Of The Regression Model

**Table 4.3 The Results Of The Feasibility Model  
(Hosmer and Lemeshow's Goodness of Fit)**

H-L Statistic	5.4402	Prob. Chi-Sq(8)	0.7097
Andrews Statistic	49.4173	Prob. Chi-Sq(10)	0.0000

4.1.3 Hypothesis testing

4.1.3.1 Significant Test Model Partial (Test Statistic Z)

Test Z-statistic can be done by looking at and comparing the probability value against  $\alpha = 0.05$ , if the value of probability less than  $\alpha$ , then  $H_0$  is rejected, it is interpreted that the independent variables berpengaruh on the dependent variable conversely, if the probability value is more than  $\alpha$ , then  $H_0$  is received it is interpreted that the independent variables have no effect on the dependent variable

**Table 4.4 The Results Of The Test Statistics Z**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
FINANCIAL_DISTRESSSS	-2.193945	2.615019	-0.838979	0.4015
PARAGRAPH_OGC	-2.852905	0.831247	-0.432077	0.2006
AUDIT_FIRM_SIZE	-0.208949	0.923024	-0.226375	0.8209
C	-0.105398	0.529539	-0.199036	0.8422

Source: data reprocessed, 2020

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

1. Based on the results if the data is obtained from table 4.4 it can be seen that the value of ROA is equal 0,4015. So this means that  $H_0$  is accepted and  $H_a$  is rejected. It can be concluded that the variable Financial Distress (ROA) does not affect the auditor switching.
2. Variable Audit Opinion with a Paragraph Going Concern  
Based on the results of the output obtained from the table 4.4 it can be seen the value of the Paragraph of the Opinion Going Concern that is equal to 0,2006. So this means that  $H_0$  is accepted and  $H_a$  is rejected. It can be concluded that the variables of Audit Opinion with a Paragraph of Going Concern does not affect to the auditor switching.
3. The variable Size of the KAP  
Based on the results obtained from table 4.4 it can be seen the value of the Size of the KAP is equal 0,8209. So this means that  $H_0$  is accepted and  $H_a$  is rejected. It can be concluded that the variable Size of the KAP does not affect the auditor switching.

**4.1.3.2 Assess The Feasibility Of The Overall Model (Overall Model Fit)**

Test of Overall Model Fit are used to assess whether testing the overall model was hypothesized to have fit or not with the data. This test uses the Likelihood Ratio Statistics (LR). Likelihood Ratio Statistics (LR) is used to determine whether jointly independent variables are simultaneously influence on the dependent variable.

**Tabel 4.5 The Results Of The Test Statistics Z**

<i>Likelihood Ratio Statistics Test</i>			
McFadden R-squared	0.238259	Mean dependent var	0.147368
S.D. dependent var	0.356353	S.E. of regression	0.324099
Akaike info criterion	0.721205	Sum squared resid	9.558632
Schwarz criterion	0.828736	Log likelihood	-30.25722
Hannan-Quinn criter.	0.764656	Deviance	60.51444
Restr. Deviance	79.44224	Restr. log likelihood	-39.72112
LR statistic	1.92780	Avg. log likelihood	-0.318497
Prob(LR statistic)	0.100283		

Source: data reprocessed, 2020

Based on the results from table 4.5 above to get the value of chi-square count or LR statistics by 1,92780, while the value of the chi-square table df 3,  $\alpha=0.05$  obtained by of 7.82. It can be concluded that value of chi-square count (1,92780) > the value of the chi-square table (of 7.82). Furthermore, it can be seen from the test LR by comparing Prob (LR statistics) on  $\alpha$ , the value of Prob (LR statistics) that is equal to 0,100283 > 0,05. It can be concluded that the  $H_0$  is accepted and  $H_a$  is rejected, then this means that simultaneous independent variables (Financial Distress (ROA), Paragraph Opinion a Going Concern, and the Size of the KAP) have no effect on the dependent variable (Auditor Switching).

**4.1.3.3 Testing The Coefficient Of Determination Of Regression (R<sup>2</sup>)**

Testing the coefficient of determination (R<sup>2</sup>) in the analysis of the logit is to look at the value of the McFadden R-Squared. The coefficient of determination McFadden R-Squared to determine how much and how far the influence of independent variables on the dependent variable. The value of the coefficient of determination is between 0 (zero) and 1 (one). McFadden R-Squared closer to a value of 1 (one) then the model has considered the goodness of fit, or the greater the ability of the model in explaining the change of the independent variable on the dependent variable. On the contrary, if the value of the McFadden R-Squared closer to 0 (zero) then the smaller the ability of the model in explaining the change of the value of the independent variable on the dependent variable. Here are the results of testing that has been done by the researchers.

**Tabel 4.6**

**Analisis Koefisien Determinasi (R<sup>2</sup>)**

McFadden R-squared	0.238259	Mean dependent var	0.147368
S.D. dependent var	0.356353	S.E. of regression	0.324099
Akaike info criterion	0.721205	Sum squared resid	9.558632
Schwarz criterion	0.828736	Log likelihood	-30.25722
Hannan-Quinn criter.	0.764656	Deviance	60.51444
Restr. Deviance	79.44224	Restr. log likelihood	-39.72112

LR statistic	1.92780	Avg. log likelihood	-0.318497
Prob(LR statistic)	0.100283		

---

Source: data reprocessed, 2020

Based on table 4.6 above shows the results of the testing value of the coefficient of determination (McFadden R-Squared) in this study amounting to 0,238259. This can be interpreted that the independent variables (Financial Distress (ROA), Audit Opinion with a Paragraph of a Going Concern, and the Size of the HOOD) in the model is able to explain the dependent variable (auditor switching) that is equal to 23,8259% while the rest of 76,1741% influence the dependent variable in this study is auditor switching is explained by other variables not found in this study.

## **4.2 Interpretation of Research Results Partially**

### **4.2.1 Effect of Financial Distress on Auditor Switching**

Based on the results of the Z test statistics show that Financial Distress has a probability of Z-statistic of 0,4015 which means 0,4015 greater than  $\alpha=0.05$ , then this indicates that financial distress (ROA) does not affect the auditor switching on consumer goods companies that listed in Indonesia stock Exchange (BEI) in the period 2015-2019.

### **4.2.2 The Effect of the Audit Going Concern with Paragraph on Auditor Switching**

Based on the test results of the Z statistics indicate that the Paragraphs of the Opinion of Going Concern has a probability value from Z-statistic that is equal to 0,2006 which means 0,2006 greater than  $\alpha=0.05$ , it can be concluded that the Audit Opinion with a Paragraph of Going Concern does not affect the auditor switching on consumer goods companies that listed in Bursa efek Indonesia (BEI) year 2015-2019.

### **4.2.3 Effect of Audit Firm Size on Auditor Switching**

Based on the results of the Z test statistics show that the size of the HOOD has a probability of Z-statistic of 0,8209 which means greater than the value of  $\alpha=0.05$ , then this indicates that the size of the HOOD does not affect the auditor switching on consumer goods companies that listed in Bursa efek Indonesia (BEI) year 2015-2019.

## **V. CONCLUSIONS AND SUGGESTIONS**

### **5.1 Conclusion**

Based on the data analysis that has been done, several conclusions can be drawn, namely as follows:

1. Financial Distress (ROA) does not affect the auditor switching. Means when the company is experiencing financial distress will tend not to make a change auditors too often, which will cause a negative perception. Whereas if the company has good financial will tend not to change the auditor, because it will take time for auditors to understand about the state of the company. However if the company is already time to make a change of auditors on a mandatory basis, both companies have a financial condition better or companies who have financial difficulties will be fixed and should be to

perform the obligations of rotation of the audit in accordance with PP No. 20 2015.

2. Audit opinion with a Paragraph of Going Concern does not affect to the auditor switching. The results showed that the auditor's opinion does not affect to the auditor switching, means that the results of the testing that failed to find the influence of any of the opinions given by the auditors does not affect the company do auditor switching.
3. The size of the KAP does not affect to the auditor switching. It means the test results show that the selection HOOD is made by the company does not consider the quality or reputation, but more because of the ability of the company to pay the fee of services of the audit.

## **5.2 Suggestion**

1. The management companies should present financial statements in accordance with financial accounting standards and also maintain its viability (going concern). It is intended to attract investors to invest in the company.
2. For further study if using the variable financial distress, these variables can be calculated by using the debt to assets ratio (DAR) so that there is a difference of measuring instrument that are likely to occur the difference in the results of the research.

## **5.3 Research Limitations**

1. For researchers who are interested to study the same problem should do research on the period that is current and add the number of the study sample, not only the company manufacturing sub-sector of the consumer goods industry but it can be selected the companies in the sub sector of other industries that exist in Indonesia stock Exchange.
2. For researchers who want to continue this research if it can be added an additional variable that does not exist in this study as a moderating variable or intervening.
3. This study is limited to companies manufacturing sub-sector of the consumer goods industry in Indonesia, for the next researcher is expected to keeping comparable with the manufacturing sub-sector of consumer goods industry located in another country.
4. For other researchers, should be added the independent variables other such as the Growth of the Company, the Audit Delay, the Turn of the Management, the Ownership of the shares of the company, Audit Tenure, and Corporate Social Responsibility so that the coefficient of determination obtained by the greater.

**Reference list**

- Agus Setiawan, I., & Aryani M., N. (2014). The Influence Of Corporate Social Responsibility, Auditor's Opinion, The Financial Pressures Of A Large Company Who Are Raising The Auditor Switching. *E-Journal Of Accountancy*.
- Astrini, N. R., & Muid, D. (2013). Analysis Of Factors That Affect The Company Do Auditor Switching Is Voluntary. Department of Accounting Fakultas of Economics and Business Diponegoro University/. *Journal Of Accounting And Business*.
- Calderon, T. G., & Ofobike, E. (2007). Determinants of client-initiated and auditor-initiated auditor changes. *Managerial Auditing Journal*. <https://doi.org/10.1108/02686900810838146>.
- Dwiyanti, R. M. E. D., & Sabeni, A. (2014). The factors that Affect Auditors Switching. *Diponegoro Journal of Accounting*. <https://doi.org/ISSN 2252-6765>.
- Fitriani, N. A., & Zulaikha. (2014). Analysis of Factors that Affect the Voluntary Auditor Switching. In A Manufacturing Company Indonesia. *DIPONEGORO JOURNAL OF ACCOUNTING*.
- Ghozali, I. (2016). Application of Multivariate Analysis with the Program IBM SPSS 23. (8th edition). Semarang: Agency Publisher Diponegoro University.
- Ghozali, I. (2018). Application of Multivariate Analysis with the Program IBM SPSS. Yogyakarta: Universitas Diponegoro. In (Edition Of 9). Semarang: Agency Publisher Diponegoro University.
- Hudaib, M., & Cooke, T. E. (2005). The impact of managing director changes and financial distress on audit qualification and auditor switching. *Journal of Business Finance and Accounting*. <https://doi.org/10.1111/j.0306-686X.2005.00645.x>
- Bonds, An Accountant. Indonesia. (2013). Professional standards Public Accountants SA 570.pdf (pp. 1-16).
- Institute, Accountant. Public. Indonesia. (2011). The Auditor's Consideration Of The Ability Entity In Maintaining The Continuity Of His Life. *Standard Auditing Public Accountant*, 30.
- Kartika, A. (2012). The influence of the Conditions of the Financial and Non - Financial On the Acceptance of Opinion Going Concern In Manufacturing Company At BEI. *The Dynamics Of The Accounting, Finance And Banking*.
- Pawitri, N., & Yadnyana, K. (2015). THE INFLUENCE OF AUDIT DELAY, AUDIT OPINION, AUDITOR REPUTATION AND THE TURN OF MANAGEMENT ON THE VOLUNTARY AUDITOR SWITCHING. *E-Journal Of Accountancy*.
- Regulation of the Government of the Republic of Indonesia Number 20 Year 2015 about the Practice of Public accounting, (2015). <https://doi.org/10.1017/CBO9781107415324.004>. <http://www.jdih.kemenkeu.go.id/fullText/2015/20TAHUN2015PP.pdf>. In download April 17, 2020.

- Pratiwi, I. D. A. A., & Muliarta RM, K. (2019). The influence of Financial Distress, Firm Size, and Audit Delay To the Turn of the Auditors. *E-Journal Of Accountancy*. <https://doi.org/10.24843/eja.2019.v26.i02.p08>.
- Schwartz, K. B., & Menon, K. (1985). Switches by Failing Firms. *The Accounting Review*.
- Soraya, E., & Haridhi, M. (2017). The FACTORS THAT AFFECT the VOLUNTARY AUDITOR SWITCHING ( Empirical Studies on the Company's Non-Financing which are Listed in Indonesia stock Exchange years 2011-2015 ). *Scientific journals Student Accounting (JIMEKA)*.
- Sugiyono. (2018). Quantitative Research methods, Qualitative and R&D. In To-26.
- Suparlan, & Andayani, W. (2010). Empirical Analysis Of The Turn Of Office Of A Public Accountant Once There Is The Obligation Of The Rotation Of The Audit. *Simposium Nasional Akuntansi XIII, Purwokerto*. <https://doi.org/10.1017/CBO9781107415324.004>.
- Wayan, N., Juliantari, A., & Rasmini, N. K. (2013). Auditor Switching And The Factor-Factor Yang Mempengaruhinya. *E-Journal Of Accounting*, 3(3), 231-246.
- Wea, Alexandros Ngala Solo & Murdiawati, D. (2015). Faktor-Faktor Yang Mempengaruhi Auditor Secara Sukarela Pada Perusahaan Manufaktur. *Jurnal Fisika a: Matematika dan teori*, 44 (8), 085201. <https://doi.org/10.1088/1751-8113/44/8/085201>.
- Widiawan, W. (2012). The factors that Influence the Alternation of the Office of Public Accountant ( Empirical Study on Financial Companies Listed in Indonesia stock Exchange in 2003-2008 ) Undergraduate thesis, Universitas Diponegoro. 1-46.
- Yasmin, A. (2013). Analysis of the Factors that Affect the Company make the Turn KAP (Study on Manufacturing Companies Listed in indonesia stock exchange Year 2008-2011).

*The Effect of Financial Distress, Audit Going Concern Opinion With  
Paragraph and Audit Firm Size on Auditor Switching*

---