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ANALYSIS THE EFFECT OF AUDIT CHARACTERISTICS AND COMPANY CHARACTERISTICS TOWARDS PUBLIC ACCOUNTANT FIRM CHANGE IN LISTED COMPANIES AT INDONESIA STOCK EXCHANGE

Jessy Christianti
NPM: 1642129

ABSTRACT

This study is purposed to research the effect of audit characteristics and client's company characteristics to public accountant firm change in Indonesia. Public accountant firm change is measured by dummy variable; with value 1 if the company switches the public accountant firm, value 0 if there is no public accountant firm switching in the company. Audit characteristics are comprised of audit opinion, audit delay and public accountant firm reputation. Client's company characteristics consisted of firm size, financial distress, management turnover, firm growth, and firm complexity. This study uses data collected from the listed companies at the Indonesia Stock Exchange (www.idx.co.id) in the form of an annual report from 2014 to 2018. The samples are taken by making use of purposive sampling method and 439 firms (2,131 data) were selected.

Results from the study revealed that audit opinion and public accountant firm reputation have a significant positive effect on public accountant firm change, while management turnover is significantly negative related to public accountant firm change. Other variables such as audit delay, firm size, financial distress, firm growth, and firm complexity are proven to have no significant relationship with public accountant firm change.

Keywords: *public accountant firm switching, public accountant firm rotation, public accountant firm change.*