

ABSTRACT

The government has made regulations related to the need for auditor changes in a certain period of time with the aim of maintaining auditor independence, change because of the existence of such regulations called mandatory auditor switching. Problems arise when companies conduct voluntary auditor switching, meaning that they are carried out without obligatory regulations. Many factors can influence it and these factors can come from the auditees or from the auditors themselves.

This study aims to determine the effect of tax aggressiveness, corporate governance, auditor industry specialization, political connections, profitability, firm size and leverage on auditor switching, both simultaneously and partially. The population in this study were all consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2012-2017. Samples were determined using purposive sampling method and obtained as many as 120 sample data. Data analysis used descriptive analysis and logistic regression analysis.

The results showed that in simultaneous tax aggressiveness, corporate governance, auditor industry specialization, political connections, profitability, firm size and leverage had an effect on auditor switching. Partially, auditor industry specialization has a positive effect on auditor switching, political connections have a positive effect on auditor switching, leverage has a positive effect on auditor switching. While tax aggressiveness, corporate governance, profitability and firm size in partially have no effect on auditor switching.

The next researcher can expand the object of research by re-entering variables that are not influential in this study or adding other variables. For management and auditor, it is better not only to see the factor of auditor industry specialization, political connections and leverage in conducting auditor switching, but must consider on the another factors. For investors, you should look at the factors that make the company conduct auditor switching in consideration for decision making related to investment.

Keyword: Auditor Switching; Tax Agressiveness; Political Connection; Leverage; Corporate Governance