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Reveal Voluntary Auditor Switching Determinants in Indonesia: Evidence from Financial Services Sector

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Abstract
Many argue that factors affecting voluntary auditor switching by clients have not been commonly agreed. This research attempts to investigate whether management change, company growth, the credibility of auditor, and audit tenure both simultaneously and partially influence voluntary auditor switching by auditee. We use public companies from financial services listed in the Indonesian Capital Market over period 2011-2016 as research objects. We conduct logistic regression to reveal whether relationship between those variables exists. Based on our analysis, we conclude that those four independent variables have no significant impacts on voluntary auditor rotation. This result not only confirms some previous studies but also contrary with a number of former researches. Therefore, we suggest that future research shall consider other variables such as good corporate governance components to obtain more convincing results.

Keywords: *voluntary auditor switching; financial sector; management change; firm growth; public accountant*

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INTRODUCTION

Public companies are mandated by regulation to prepare and submit financial reports to stakeholders. Users of financial statements can rely on the information presented in the report when independent auditors have confirmed the reliability of information (Khasharmeh 2015). The need for reliability of information in the financial statements presented by company management is useful in the decision-making process for users of financial statements.

In order to improve the reliability of financial statements, an independent auditor's assessment is required. Therefore, the role of public accountants as an independent party is expected to be able to mediate different interests between the company directors and shareholders (agency problems). The mechanism taken is to give an assessment and statement of opinion on the fairness of the financial statements (Damayanti and Sudarma, 2007). Conversely, the absence of auditor independence is feared to lead to moral hazard actions such as the Enron case in 2002. In that case, the auditor of the company appointed by Enron (Arthur Andersen) stated that the

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Enron Company posted profits, whereas in fact Enron suffered a loss. This is allegedly because the auditor has been working for Enron for too long, so his independence as a professional auditor is slowly fading away (Kasih and Puspitasari 2017, Suparlan and Andayani, 2010).

Auditor independence is the main key of the auditor's profession, including assessing the fairness of financial statements. Nasser, et al. (2006) argue that the loss of auditor independence is due to auditors being involved in personal relationships with clients. This can affect their mental attitude and opinion. One such threat is a long audit tenure (Sinason et al., 2001). With the many Public Accountants (KAP) currently available, companies have a number of options to continue to use the same KAP or make changes to KAP (Divianto, 2011).

Auditor switching can be classified as mandatory or voluntary action. Mandatory auditor switching is based on the existence of government regulations governing the rotation of public accountants. Government Regulation (PP) No. 20 of 2015 concerning the practice of public accountants explains that the provision of audit services by a public accountant for the historical financial information of an entity is limited to a maximum of 5 (five) consecutive financial years (article 11 paragraph 1). Whereas voluntary auditor changes are carried out if the desire to change public accountants is voluntary (Mulyadi, 2002). Fitriani and Zulaikha (2014) state that sudden change of KAP may lead suspicion from stakeholders. Such auditor switches are not caused by mandatory regulations. Therefore, the search for factors that encourage the tendency of companies to replace auditors voluntarily becomes an interesting issue to study.

There are numerous studies regarding the factors that led to the company's policy to conduct switching auditors voluntarily have been extensively discussed. Some of the research included the tendency to conduct auditor switching caused by changes in the management of the auditee {Sinarwati (2010), Suparlan and Andayani (2010), Chadegani et al., (2011), Nyakuwanika (2014), Pawitri and Yadnyana (2015), Khasarmeh (2015) and Munfatehah, et al. (2018)}. Furthermore, the influence of growth rates and firm size on voluntary auditor turnover has been studied, among others, by Sihombing (2012), Mohammad and Habib (2013), Nuryanti (2012), Gharibi and Geraeely (2016), Kasih and Puspitasari (2017) and Fakhri, et al. (2018). The KAP size is also a concern of the researchers, including Khasarmeh (2015), Manto and Manda (2018), and Fakhrie et al. (2018). Meanwhile, audit tenure as one of the drivers of KAP turnover has been investigated, among others, by Adityawati (2011), Astrini and Muid (2013), Abdillah (2013), Aprillia (2013), Luthfianti (2016) and Aminah, et al (2017).

Rotation in board of directors usually have implications for changes in company policies, including the preferences of independent auditors. The board that is not satisfied with the results of the audit by the Public Accounting Firm during the previous board of directors could have decided to replace the auditor before the five-year period. Pawitri and Yadnyana (2015) have conducted research that has proven the influence of management changes in real estate and property companies on auditor switching. These results confirm previous research by Sinarwati (2010). While the research conducted by Suparlan and Andayani (2010), Chadegani, et al., (2011), Wijaya (2013), Khasarmeh (2015), Sari et al. (2018) and Munfatehah (2018) found that management turnover did not affect the tendency of companies to move KAP. The research object of Suparlan and Andayani (2010), Sari et al. (2018) and Munfatehah (2018) are domestic companies listed on the Indonesia Stock Exchange (IDX). While Chadegani et al. (2011) and Khasarmeh (2015) investigating public companies in Iran and Bahrain respectively.

Growing companies could generate various transactions and may require more expertise and competency than existing independent auditors. Therefore, companies that grow in terms of both sales turnover and assets, have the choice to use audit services from reputable KAPs. Nasser et al. (2006) argue that the growth rate of client companies has no effect on the turnover of KAP in Malaysia. This result is supported by subsequent research conducted by Ginting and Fransiska (2014) which states that only audit fees have an effect on the replacement of KAP for manufacturing companies listed on the Malaysia Stock Exchange for the period 2008 to 2012. There is no significant influence on the growth rate of auditee companies towards the change of external auditors was also stated among others by Sari and Puspaningsih (2017), Chadegani et al. (2011), Fakhri, et al (2018). The object of research Sari and Puspaningsih (2017) are manufacturing companies in the Indonesia Stock Exchange while Fakhri et al. (2018) research mining companies on the same stock exchange. As for Sinason et al. (2001) argue that there is a significant relationship between the growth of auditee companies and the tendency of voluntary auditor replacement. This research is supported by Nugroho and Ghozali (2015), Gharibi and Geraeely (2016) which state that the company's growth has a positive impact on auditor turnover. On the other hand, Kasih and Puspitasari (2017) found that company size negatively affected the tendency of companies to replace KAP. That is, small-scale companies are more likely to change auditors more often than well-established companies.

Khasarmeh (2015) found an effect of KAP size on the tendency of external auditor turnover in Bahrain. Companies audited by KAP tend to be more confident with the results of large (reputable) auditors than the small ones. Manto and Manda (2018) confirmed the results of the study with the objects of real estate and property companies on the IDX in 2011-2016. Meanwhile, Fakhri, et al. (2018), Oktaviana, et al. (2017), Astrini and Muid (2013) suggest that the size of audit firms or the reputation of auditors does not affect the tendency of companies to make auditor rotation.

Long-term contractual agreements between companies and KAP have two implications. Firstly, KAP increasingly understands the company's business processes so that it is expected to provide suitable opinions. Secondly, the long-run contractual agreements are likely to lower auditor independence level or even cause moral hazard as happened in the Enron case. In the light of these issues, Lianto (2017) found that audit tenure has a positive and significant impact on auditor turnover. This result confirmed previous studies by Ansar (2017), Luthfiyanti (2016), Abdillah and Sabeni (2013) who investigated manufacturing companies listed on the IDX, and Juhartin (2014) who examined real estate and property companies on the IDX in 2010 -2014 period. However, Hutabarat (2018) and Aminah et al. (2017) found the opposite findings, namely audit tenure did not affect the tendency of companies to replace auditors voluntarily. This was found in the objects of manufacturing companies on the IDX for the period 2013-2017.

The results of the previous study have not provided a robust conclusion regarding the determinants of voluntary auditor turnover. Moreover, prevailing studies focused on non-financial services. Research focusing on the financial services was revealed by Munfatehah, et al., (2018) who examined banking companies, Firyana and Septiani (2014) and Khalid (2013), both investigated financial companies. Munfatehah et al. (2018) have not found an independent variable that has an effect on the tendency of voluntary auditor switching. Firyana and Septiani (2014) on the other hand, reveal that management change, firm size and percentage change in return on asset auditee as important variables in KAP rotation. Meanwhile, Khalid (2013) only found KAP size as a variable that had a significant effect.

Basically, the financial services sector includes banking and non-banking companies such as pension funds and insurance. The financial services is an industry that focuses on public trust in fund management institutions. The policy of financial companies becomes a big concern of the community. Furthermore, learning from the economic crisis of 1998 and 2008 that afflicted the financial services sector, our observations of the behaviour of this sector, especially regarding their choice of independent auditors, became a worthage topic. Therefore the authors argue that the financial services sector still leaves research gap into voluntary auditor switching factors by re-examining several variables which are considered still not providing convincing results.

The issue of auditor turnover can be explained using agency theory. This agency relationship arises when one or more principle engages with other people as agents to do a service (Aminah, et al., 2017). In agency theory, shareholders are treated as principle and management of the company as an agent, where management is a party contracted by shareholders to work in the interests of shareholders. This is as expressed by Jensen and Meckling (1976) in Astrini and Muid (2013). Agency problems arise because of conflicts of interest and asymmetrical information between principle and agent. These conflicts will affect companies to switch engaged auditors voluntarily. Wijayani and Januarti (2011) explain that the existence of independent auditors also serves to reduce agency costs arising from self-centered behavior by agents.

Nyakuwanika (2014) also revealed that voluntary auditor turnover could be explained by using a signaling theory. According to this theory, the selection of reputable auditors is likely to provide a positive signal about the expectations of users of financial statements. The selection of reputable auditors is expected to provide additional confidence to the users of financial statements that the company is ready to present more reliable financial information.

This study attempts to reveal important factors that have been suspected as determinants of voluntary auditor rotation in financial services sector. The factors or independent variables developed in this research include management change, company growth, KAP size, and audit tenure. The selection of these four variables is based, among other things, on the consideration that there is still a large research gap to explain the impact of the four variables on the auditor's decision to change auditors. Therefore, taking into account the results of previous research, the hypotheses developed in this study include:

H_1: Substitution of company management has a positive effect on voluntary auditor switching
H_2: Company growth has a positive effect on voluntary auditor switching
H_3: KAP size has a negative effect on voluntary switching auditors
H_4: Audit tenure has a positive effect on voluntary switching auditors

RESEARCH METHOD

This research is a causality study, namely research that aims to determine the relationship and influence between two or more variables. This study examines the independent variables, which are management change, company growth that is proxied by the percentage of asset growth, KAP size, and audit tenure on voluntary auditor switching as the dependent variable. The population in this study are companies in the financial industry that are listed on the Indonesia Stock Exchange (IDX) for the period 2012-2016.

The population in this study were companies in the financial industry that were listed on the Stock Exchange during the period of 2012 to 2016. Sampling in this study was conducted using the purposive sampling method. In this case, it is more specific to the use of judgment sampling method which is a type of sample selection that is not random whose information is obtained using considerations that are generally in accordance with the objectives or research problems (Sugiyono, 2014).

The conditions for sample selection as follow:

1. Companies in the financial industry listed on the IDX during the 2012-2016 period are in a row.
2. Companies in the financial industry that include independent auditor reports together with audited financial statements for the period 2011-2016.
3. Companies in the financial industry that have made voluntary KAP transfers during the 2012-2016 period.

In this study, authors used secondary data from public companies in Indonesia. All data are the audited financial statements of companies in the financial industry from 2012 to 2016 which have been published in full on the IDX through the Indonesian Capital Market Library (ICaMEL) and www.idx.co.id.

The method of data analysis in this study is to use quantitative analysis techniques. The quantitative analysis used in this study is logistic regression analysis with the help of SPSS 24. The reason for using the logistic regression analysis tool is due to the dependent variable is dummy (making KAP changes or not changing KAP). Normal distribution assumptions cannot be fulfilled because independent variables are a mixture of continuous (metric) and categorical (non-metric) variables. In this case it can be analysed by logistic regression (logistic regression) because it does not need the assumption of normality of the independent variable data (Ghozali 2016).

The equation model used in this study as follows:

$SWITCH = \alpha + \beta\_1PM + \beta\_2GROWTH\_A + \beta\_3S\_KAP + \beta\_4TENURE + e$

whereas:

SWICTH	:	Auditor switch, using dummy variables, category 1 represents companies that made voluntary auditor rotation and category 0 represents companies that did not alter auditor voluntarily.
Α	:	Constant.
β1 – β5	:	Regression coefficients.
PM	:	Management change using dummy variables, category 1 represents companies that rotated board of directors, while category 0 represents companies that did not change board of directors
GROWTH_A	:	The growth rate of the company is proxied by the percentage of asset growth which is calculated by dividing the difference between the total assets of a particular year and the previous year with the total assets of the previous year then multiplying by 100%.
S_KAP	:	KAP size uses dummy variables, category 1 for companies audited by Big Four KAP and category 0 for companies audited by non-Big Four KAP
TENURE	:	Tenure, using the total amount of time the auditor's alliance with his client using a number of a year (s).
Ε	:	Residual error

RESULTS AND DISCUSSIONS

The population in this study are financial industry companies listed on the Indonesia Stock Exchange (IDX) starting in 2012-2016. The financial service companies have been listed on the Indonesia Stock Exchange before January 1, 2012 and during the period of the study did not leave the Indonesia Stock Exchange or experience delisting. This study focuses on investigation of the effect of management change, company growth that is proxied by the percentage of asset growth, KAP size, and audit tenure on voluntary switching auditors in the financial industry.

The period observed in this study six years starting from 2011 until 2016 (2011 as basline). This six-year interval is an appropriate period of time to find out whether the company changes KAP voluntarily or in a mandatory manner, referring to the regulation of the replacement of a public accountant, which is for 5 (five) consecutive years. Government Regulation (PP) No. 20 of 2015 concerning the practice of public accountants explains that the provision of audit services by a public accountant for the historical financial information of an entity is limited to a maximum of 5 (five) consecutive financial years (article 11 paragraph 1). This study mainly discusses the presence or absence of voluntary KAP changes (beyond PP. No. 20 of 2015). Table 1 below presents the stages of sample selection based on predetermined criteria.

Table 1. Sample selection based on predetermined criteria

No	Predetermined criteria	Number
1	Number of financial service companies which had been listed in Indonesia Stock Exchange during observed period (2011-2016, 5 years, whereas 2011 as baseline)	70
2	Incomplete data	12
3	Number of financial service companies which had never rotated auditors	27
4	Number of financial service companies mandatorily switched auditors	10
Number of selected companies		21
Number of years observed		5
Number of observations		105

Source: Research data processed.

The number of selected firms for the 2011-2016 period amounted to 70 companies in a row. Companies in the financial industry whose data is incomplete during the 2012-2016 period amounted to 12 companies. Companies in the financial industry that have never altered KAP during the 2012-2016 period amounted to 27 companies and those who did the mandatory KAP changes during the 2012-2016 period were 10 companies. Samples that were successfully obtained and that met the criteria of 21 companies. This research was carried out for 5 years of observation so that the total observations made as samples for this study were 105 companies.

In this study, the sample was selected by purposive sampling method using predetermined criteria. Samples are chosen for companies that present the data needed in this study, such as KAP names, total assets, company leaders (board of directors).

A summary of the research sample is shown in Table 2 below.

Table 2. Selected sample

No	Type of business	2012	2013	2014	2015	2016
1	Bank	10	10	10	10	10
2	Leasing	3	3	3	3	3
3	Efek	4	4	4	4	4
4	Insurance	1	1	1	1	1
5	Others	3	3	3	3	3
Total Selected Companies		21	21	21	21	21
Total Observation		105	105	105	105	105

Source : Research data processed.

In table 3 below, it can be seen that the selected samples are scattered randomly in 5 industrial sectors. Banking sector dominated this selected firms by 10 companies or around 48%, while the insurance sector was most inferior by 1 company or around 5 %.

Table 3. Sampling distribution in type of business

No	Types of Business	Frequency	Percentage (%)
1	Bank	10	48
2	Leasing	3	14
3	Efek	4	19
4	Insurance	1	5
5	Others	3	14
	Total selected companies	21	100

Source : Research data processed.

The hypothesis was tested using a logistic regression model. The purpose of using this model is to obtain a comprehensive picture of the effect of independent variables (management change, company growth proxied by the percentage of asset growth, KAP size, and audit tenure on the dependent variable, voluntary switching auditors).

Based on the results of the descriptive statistical test obtained as many as 105 observational data derived from multiplication between the study period (5 years; from 2012 to 2016) with the number of sample companies (21 companies). Determination of values for each variable uses 2011 data as the baseline. This is done so that the observed time period exceeds five years in order to eliminate the likelihood of mandatory auditor rotation.

The type of data in this research is divided into two categories, namely nominal (SWITCH, PM, and S_KAP) and ratio (GROWTH_A and TENURE). Variables in the form of nominal data (dummy), namely Auditor Switching (SWITCH), management change (PM), and the size of the Public Accountant Office (S_KAP) were analysed using frequency distribution to find out the sample distribution. The descriptive statistics are used to provide an overview of the mean, minimum, maximum and standard deviation of the data ratio in the form of GROWTH_A and TENURE.

Table 4 presents the results of frequency distribution analysis. Based on the frequency distribution data, there were 27.62% of observations did auditor turnover voluntarily. Therefore, most of the samples (72.38%) did not voluntarily make auditor changes. Management change in the financial services sector in the 2012-2016 period shows a dynamic process. This is indicated by the existence of management changes made by the sample of companies as much as 47.62%, while the remaining 52.38% did not make alter the directors. The use of audit services from reputable KAP (big four) also shows an interesting phenomenon. During the observed period, the sample using KAP services joined in the big four turned out to be only 30 (28.57%), while the majority were 75 samples (71.43%) using services from non-big four KAPs. It shows us that competition among audit firms were quite tight. Small audit offices had been considered as trustworthy auditors by financial companies. Therefore, they still have clients during the observed period.

Table 4. Frequency distribution analysis

Variable	Conditions	Frequency	Percentage
SWITCH	Switched auditor	29	27.62%
	Not switched auditor	76	72.38%
Total		105	100%
PM	Management change	50	47.62%
	No management change	55	52.38%
Total		105	100%
S_KAP	Big Four Audit Firms	30	28.57%
	Non Big Four Audit Firms	75	71.43%
Total		105	100%

Source : Research data processed.

Table 5 presents statistical analysis for ratio data, growth rate and tenure.

Table 5. Statistical analysis results

	N	Minimum	Maximum	Mean	Std. Deviation
GROWTH_A	105	-34.00%	333.60%	20.4472%	43.86323%
TENURE	105	1	4	2.49	1.128
Valid N (list wise)	105				

Source : Research data processed

Based on above table, the results of the analysis using descriptive independent of company growth which is proxies by the percentage of asset growth (GROWTH_A) shows a minimum value of -34.00%, a maximum value of 333.60% with an average of 20.4472%. This illustrates a unique portrait of performance considering that in the period 2012-2016, there were companies that scored good performance (above 100%), but there were also those that obtained negative asset growth to below 30%. On average, the growth of financial services sector assets that are sampled in the study is quite satisfactory, which is in the range of 20%. The results of descriptive independent analysis of audit tenure (TENURE) show a minimum value of one, a maximum value of 4 with an average of 2.49.

Testing of hypotheses is done using logistic regression tests. This is done because the dependent variable is dummy (making KAP changes or not changing KAP). The stages in testing using the independent regression test can be explained in several stages as follows (Ghozali, 2011).

Overall Model Fit Test

The test was carried out by comparing the value between -2 logLikehood (-2LL) at the start (Block Number = 0) with the value of -2 Likehood log (-2LL) at the end (Block Number = 1). The initial value of -LL is 120,983. After entering the four independent variables, the final value of -2LL decreased to 120.782. This reduction in Likelife (-2LL) shows a better regression model or in other words a model hypothesized to fit with data.

The results of the entire model can be seen in table 6 below:

Table 6. Overall model test results

Iteration		-2 Log likelihood	Coefficients				
			Constant	PM	GROWTH_A	S_KAP	TENURE
Step 1	1	120,983	-0.954	-0.218	0.007	0.091	-0.005
	2	120,782	-1.041	-0.277	0.008	0.120	-0.005
	3	120,782	-1.043	-0.280	0.008	0.122	-0.005
	4	120,782	-1.043	-0.280	0.008	0.122	-0.005

Source : Research data processed

Coefficient of Determination Test

The coefficient of determination is used to explain how much the variability of the independent variables. The determination coefficient in binary logistic regression is indicated by the value of Nagelkerke R square. Nagelkerke R Square can be interpreted like the value of R Square in multiple regression (Ghozali, 2011).

Table 7. Coefficient of determination

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	120,580[a]	0.028	0.040

Source : Research data processed

The magnitude of the coefficient of determination in the logistic regression model shown by the Nagelkerke R Square value is 0.040, which means that the variability of the dependent variable can be explained by the independent variable is 4%, while the remaining 96% is explained by other variables outside the research model.

Feasibility Test of the Regression Model

The further analysis is to assess the feasibility of the binary logistic regression model. Assessing the feasibility of a regression model can be done by considering the goodness of fit model as measured by Chi-Square in the Hosmer and Lemeshow's column (Ghozali, 2011). The hypothesis used to assess the feasibility of this regression model is:

Ho: There is no difference between the model and the data

Ha: There are different models with data

Table 8. Feasibility Test Results

Step	Chi-Square	Df	Sig.
1	6,187	8	0,626

Source : Research data processed

Table 8 shows the test results of the Hosmer and Lemeshow's Test. The test shows the Chi-square value of 6.187 with a significance (p) of 0.626. Based on these results, because the significance value is greater than 0.05, which means that hypothesis 0 (Ho) cannot be rejected (accepted), the model can be concluded to be able to predict the value of its observations. This means that the model is able to predict the value of its observations or the model is acceptable because it matches the observational data so that this model can be used for further analysis.

Results of the Classification Matrix

The classification matrix shows the predictive power of the regression model to predict the likelihood of KAP changes made by the company. The results of the prediction clarification matrix of the possibility of auditor switching are presented in Table 9 below.

Table 9. Calculation Matrix

Observed			Predicted		
			SWITCH		Percentage Correct
			0	1	
Step 1	SWITCH	0	75	1	98.7
		1	28	1	3.4
	Overall Percentage				72.4

Source : Research data processed

Predictive value of the regression model to predict the likelihood of companies making changes to KAP is 3.4%. This shows that by using the regression model used, there are as many as 1 company (3.4%) which is predicted to make a replacement of KAP from a total of 29 companies that make changes to KAP. The predictive power of the company model that does not make KAP changes is 98.7%, which means that with the regression model used there are as many as 75 companies (98.7%) which are predicted not to transfer KAP from a total of 76 companies that did not transfer KAP.

Logistic Regression Test

The logistic regression model in this study is shown in Table 10 below:

Table 10. Logistic Regression Test Results

	B	S.E.	Wald	Sig.	Remarks
PM	-0.280	0.454	0.380	0.537	Not significant
GROWTH_A	0.008	0.005	2.274	0.132	Not significant
S_KAP	0.122	0.478	0.065	0.799	Not significant
TENURE	-0.005	0.198	0.001	0.981	Not significant
Constant	-1.043	0.604	2.982	0.084	-

Source : Research data processed

The test results on regression coefficients provide the following models:

$$SWITCH = -1.043-0.280PM + 0.008GROWTH\_A + 0.122S\_KAP -0.005TENURE$$

Based on the logistic regression test as elaborated in the previous section, the interpretation of the results is presented in the following four sections.

1)Effect of management change (PM) on voluntary switching auditors

Management change variable shows a negative coefficient of 0.280 with a significance level (p) of 0.537. Because the significance level (p) is greater than $\alpha = 5\%$, the first hypothesis is not successfully supported. This study failed to prove that management change has a positive effect on auditor switching. The results of this study do not support the results of previous studies conducted by Pawitri and Yadnyana (2015) and Sinarwati (2010).

Nevertheless, the results of this study support various studies carried out by Suparlan and Andayani (2010), Chadegani, et al., (2011), Khasarmeh (2015), Sari et al. (2018) and Munfatehah (2018) and Putra and Trisnawati (2016) and Zahrina, et al. (2017). They all suggested that board of directors turnover did not influence the tendency of auditor switching.

The test results show that management successions are not always followed by changes in company policy in using the services of a KAP. This indicates that the incumbent auditors have accounting policies and reporting which could be harmonized with the new management policies by means of renegotiating between the two parties (Damayanti and Sudarma, 2007). Moreover, the authors suggest that the insignificance of the effect of management change on the tendency of choices for auditor turnover because the new management were comfortable with current audit opinions. The precautionary attitude of the new directors to the risk of different audit results when using a new KAP before the 5-year period is also thought to strengthen the above phenomenon.

2) Effect of company growth on voluntary switching auditors

The influence of company growth rate in current research is proxied by the percentage of asset growth, shows a positive coefficient of 0.008 with a significance level (p) of 0.132. Because the significance level (p) is greater than α = 5%, the second hypothesis is not successfully supported either. This result failed to confirm that the growth of the company that is proxied by the percentage of asset growth has a positive effect on voluntary switching auditors. This fact shows that asset growth is relatively not encouraging voluntary auditor turnover because incumbent KAPs has been considered as reputable auditors. This study is in line with the research by Nasser et al. (2006), Prastiwi and Wilsya (2009), Ginting and Fransiska (2014), Putra (2014), Sari and Puspaningsih (2017), Chadegani et al. (2011), and Fakhri, et al (2018). Conversely, the results of this study does not support the investigation by Sinason et al. (2001), Nugroho and Ghozali (2015), Gharibi and Geraeely (2016), Kasih and Puspitasari (2017), which stated that there were significant effects of company growth on the propensity to change auditor choices voluntarily.

Financial service sector companies in principle carry out their business on the basis of trust from public. Therefore, reputation issues are very important. The size of the company can be directly correlated with the company's demand for a more independent attitude than the external auditor. Understandably if the higher growth in company size can push the demands for higher quality audit results. The authors argue that the size of the company does not have a significant impact on the tendency of auditor turnover voluntarily because in general financial service sector companies have obtained WTP (unqualified) opinions. There is no incremental incentive for companies to replace auditors voluntarily even though the company is growing in the perspective of its total assets.

3) Effect of audit firm size on voluntary switching auditors

The variable of KAP size shows a positive coefficient of 0.122 with a significance level (p) of 0.799. Because the significance level (p) is greater than α = 5%, then the third hypothesis is not successfully supported. This study did not succeed to prove that the size of the accounting firm has a negative effect on voluntary switching auditors. The results of this study support a number of arguments delivered by Sinarwati (2010) Astrini and Muid (2013), Putra and Trisnawati (2016), Oktaviana, et al. (2017), and Fakhri, et al. (2018). On the other hand, this research is not in line with the results of research by Khasarmeh (2015), Manto and Manda (2018).

The test results state that KAP size does not negatively affect voluntary switching auditors because the sample companies that have used KAP are reputable, while making KAP changes they still use reputable KAP. Likewise, sample companies that previously used non-reputable KAPs, when changing KAP still use KAP in the same class (Sinarwati, 2010).

4) Effect of audit tenure on voluntary switching auditors

Variables of the audit tenure shows a negative coefficient of 0.005 with a significance level (p) of 0.981. Because the significance level (p) is greater than α = 5%, the fourth hypothesis is not successfully supported. This study did not succeed to prove that audit tenure has a positive effect on voluntary switching auditors. The results of this study are in line with previous research conducted by Hutabarat (2018) and Aminah et al. (2017). However, the results of this study do not support the research conducted by Lianto (2017), Ansar (2017), Luthfiyanti (2016), Abdillah and Sabeni (2013), Juhartin (2014), Astrini and Muid (2013) and Shahnaz, et al. (2008).

This result is actually surprising when it is associated with the provision of mandatory auditor change after five years. The company is expected not to have a relationship with KAP more than five years because it is limited by regulation. This is done to lower the moral hazard potential due to the very close relationship between the auditee and the auditor. Therefore, for policy makers in the government sector, this phenomenon actually provides good news, particularly when it is associated with the five-year limit. At present, the latest regulation has been issued in the form of the Financial Services Authority Regulation Number 13 / POJK.03 / 2017 which rearranges corporate relations with KAP. One interesting provision is that companies that carry out financial service activities must limit the use of audit services to historical financial information from the same KAP for three consecutive years. With the new regulation, it is challenging to examine the impact of implementing these regulations on voluntary auditor turnover, especially when correlated to audit tenure.

The absence of statistically significant variables shows that variables such as management change, asset growth, KAP size and audit tenure, are not yet agreed upon variables as determinants of voluntary switching auditor behaviour in the financial services sector. This study confirms the former research by Munfatehah et al. (2018) who did not find a significant independent variable as a determinant of voluntary auditor turnover trends as well. Our study does not include audit opinion and financial distress as tested variables like in Munfatehah et al. (2018). In contrast, Munfatehah et al. (2018) does not include the growth variable of the auditee company and the size of the KAP. Firyana and Septiani (2014) state management change, firm size and percentage change in return on asset auditee as important variables and changes in KAP. In contrast, Khalid (2013) only found the size of KAP as a variable that had a significant effect.

By taking into account a relatively small determination ratio (4%), this study indicates that there are still wide opportunities in the world of research related to voluntary behaviour of external auditors. Other variables that have not been tested in this study are financial distress. The going concern opinion of the company, and aspects of the assessment of good governance can be considered in further research. Abidin, et al. (2016) states that good governance variables such as audit committee effectiveness, management share ownership and company share ownership concentration are important aspects to be examined again in exploring voluntary KAP change determinants. Likewise, Abidin et al. (2016) also found that the existence of an independent board of directors also had an effect on auditor turnover. However, the findings of Abidin et al. (2016) obtained from companies outside the financial services sector. This provide us an opportunity to investigate whether the phenomenon of good governance can be found in the financial services sector.

In addition, companies in the financial services sector may not have the incentive to change external auditors voluntarily. With the qualification of an audit opinion that is already a WTP, the company will tend to maintain its preferred KAP as an external auditor until the deadline set by the legislation. Auditor turnover carried out by financial services companies in principle is a rotation between KAPs that have similar reputation. With a sample of 29 out of 105 observations that made voluntary changes of auditors, they certainly still left research opportunities in the future by including other companies in the financial services sector.

CONCLUSION

This study seeks to explore several factors that may influence voluntary change of KAP tendency. Based on logistic regression analysis with the Statistical Package for Social Science (SPSS) version 24 program and using company samples of 105 observations of financial companies listed on the Indonesian Stock Exchange during the 2012-2016 period, it can be concluded that management succession, percentage of company growth, accounting firm size, and audit tenure are not agreed upon as determinant factors of voluntary auditor turnover.

As an empirical practice, the results of this study also contain limitations, including:

a. The selection of research objects only uses financial companies listed on the IDX in 2012-2016 only. Therefore, this research cannot generate findings for all companies going public on the IDX. The possibility of a selection bias sampling potential is also uncovered in this research. For this reason, further research can consider the use of more appropriate criteria in the framework of selection of financial service sector companies that can be used as more adequate research samples.

b. The coefficient of determination in this study is very small, which is only 4% so that it is less able to explain the variability of the dependent variable which can be explained by independent variables. Future studies are expected to obtain a greater coefficient of determination in order to better explain the variability of the dependent variable which can be explained by independent variables.

c. This study only examined the effect of management turnover, the effect of company growth that was proxied by the percentage of asset growth, KAP size, and audit tenure on voluntary switching auditors. Future research should consider several other variables that might affect voluntary auditor switching such as financial ratios other than the growth of client companies such as financial distress and important aspects of good corporate governance.

d. Further research is also relevant to be carried out considering that currently OJK Regulation Number 13 of 2013 has been implemented which limits the use of KAP services for audits of financial statements for three years. The audit tenure variable that has been debated by researchers is one of the important issues in the upcoming research.

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