



The Determinant of KAP Changes with Audit Committee Quality As A Moderating Variable

Yasin Fadil, Agung Yulianto[✉]

Jurusan Akuntansi, Fakultas Ekonomi, Universitas Negeri Semarang, Indonesia

Article History

Received December 2016
Approved January 2017
Published March 2017

Keywords:

Going Concern Audit
Opinion; KAP
Switching;; Management
Turnover; Quality of
Audit Committee

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh opini audit going concern dan pergantian manajemen dengan kualitas komite audit sebagai variabel moderasi terhadap pergantian KAP jenis upgrade, downgrade, dan samegrade. Data didapat dari laporan keuangan dan annual report perusahaan. Metode analisis data menggunakan analisis statistik deskriptif dan analisis regresi logistik multinomial. Berdasarkan hasil penelitian, variabel opini audit going concern berpengaruh signifikan terhadap pergantian KAP jenis upgrade dan tidak pada jenis downgrade maupun samegrade. Sedangkan pergantian manajemen yang dimoderasi variabel kualitas komite audit berpengaruh signifikan terhadap pergantian KAP jenis upgrade dan tidak pada jenis downgrade maupun samegrade.

Abstract

The purpose of this research was to analyze the effect of going concern audit opinion and management turnover with the quality of audit committee as a moderating variable to KAP switching type of upgrade, downgrade, and samegrade. Data obtained from the financial statements and annual report of the company. Methods of analysis used descriptive statistics and multinomial logistic regression analysis. Based on this research indicated that the going concern audit opinion variable significantly influenced the KAP switching type of upgrade and not on the type of downgrade or samegrade. While management turnover was moderated quality of audit committee variable significantly influence on KAP switching type of upgrade and not on the type of downgrade or samegrade.

© 2017 Universitas Negeri Semarang

[✉] Correspondence Author:
Gedung L2 Lantai 2 FE Unnes
Kampus Sekaran, Gunungpati, Semarang, 50229
Email: agungfe@mail.unnes.ac.id

INTRODUCTION

Government policy on the change of KAP aims to improve audit quality based on the assumption that the longer the engagement relationship between KAP and its client will reduce the independence of public accountant. When reviewed from the competency side, the change of KAP actually causes a decrease in audit quality. A public accountant who faces a new company as his client will need much time to learn the characteristics of his new client rather than continuing the assignment of his former client (Chen et al., 2004). The perception of public accountants independency becomes the basis of trust for the public to the profession of public accountants. SAS No.04 year 2001 AS 220 explains that in all matters relating to engagement, the independence of a mental attitude must be maintained by a public accountant, so that every public accountant must be firm and honest in interweaving business relationships in carrying out his work.

The initiation of the KAP replacement policy is not separated from big corporate bankruptcy scandal caused by poor audit quality produced by KAP. The case of Enron in 2002, Great River International in 2006, and Lehman Brothers in 2008, result in the Government of the Republic of Indonesia to enact the Regulation of the Minister of Finance No. 17 / PMK.01 / 2008 concerning "Public Accountant Services" with the assumption to maintain the independence attitude of public accountants. The regulation above results in two types of KAP changes, namely mandatory change and voluntary change (Febrianto, 2009). The occurrence of voluntary KAP change in Indonesia is quite high. During 2010-2012, almost 25% from the total number of companies that exist on the IDX change the KAP beyond the provisions enacted by the government (Pradipta and Septiani, 2014).

Agency theory (Jensen and Meckling, 1976) explains agency relationships as a relationship between shareholders (principal) and management (agent) with delegation of authority and decision-making lies in management. If reviewed by using agency theory, the three companies above have succeeded in breaking the trust given by the principal to receive qualified and reliable information about the accountability from the agent. Merawati et al. (2013) assume that audit opinion is a factor that can trigger a change of KAP. Going-concern audit opinion has a negative impact on the company because it leads to lower shareholder and investor trust level, so agents tend to pressure public accountants to issue unqualified opinions (Hao, 2011). Research on going-concern audit opinion and change of KAP by Aier et al. (2013) finds that going concern audit opinion has an effect on the change of KAP. However, different results are found in the studies of Damayanti and Sudarma (2008), Sinarwati (2010), and Merawati et al. (2013) which find that going concern audit opinion does not affect change of KAP.

Changes in corporate management can be followed by policy changes in the field of accounting, finance, and KAP selection (Nagy, 2005). Companies tend to look for KAP that are aligned with their accounting policies and reporting. Changes in the structure of management commonly happen in the scope of companies that go public (Ismail et al., 2008). Research on the change of management and change of KAP by Suparlan and Andayani (2010) and Chadegani et al. (2011) does not find any effect of management change on the change of KAP. While research conducted by Sinarwati (2010) and Nazri et al. (2012) indicates that the change of management affects the change of KAP. In order to realize the implementation of good corporate governance, it is required one party which is expected to be able to conduct supervision over the performance of public accountants. The existence of the audit committee is expected to maintain the independence attitude of public accountants and reduce the emergence of conflicts that leads to voluntary KAP changes. Companies that have an effective audit committee will have a good impact on the process of corporate financial reporting (Wardhani, 2009). Seeing the existence of an audit committee at the company, it encourages researchers to make it as a moderating variable.

This study focuses on voluntary KAP replacement practices in which the cause of the KAP change is done on the consideration of several certain factors beyond the provisions of the regulations set by the

government. Based on the background above, the problem discussed is whether the going concern audit opinion and the change of management have an effect on the change of KAP with the quality of the audit committee as a moderator on the change of KAP types upgrades, downgrades and samegrade on manufacturing companies listed on IDX 2011-2014. The results of this study are expected to provide empirical evidence and can be one source of consideration for regulators to refine the rules that have been determined.

METHODS

This research was a quantitative type using deductive approach research design. This study was a pool of data which was a combination of time series and cross-section. Technique of data collection was in the form of secondary data obtained by documentation method. The population of this research was all manufacturing companies listed on the Indonesia Stock Exchange period 2011-2014. The sampling technique used purposive sampling and obtained sample amounted to 29 manufacturing companies during 2011-2014 so that the unit examined amounted to 116 with the criteria in Table 1.

Table 1. The Process of Sample Selection Based on the Criteria

No	Criteria	Total
1	Manufacturing companies listed on the IDX successively during the years 2011-2014.	128
2	Manufacturing companies that did not publish audited financial statements and annual reports during the period 2011-2014.	(35)
3	Manufacturing companies that did not provide complete information as required in the study.	(4)
4	Manufacturing companies that did not change the KAP during the period 2011-2014.	(52)
5	Manufacturing companies that did mandatory KAP changes during the period 2011-2014.	(8)
Number of companies included in criteria		29
Total unit of analysis during research period (4 years)		116

Source: Secondary data which processed in 2016

Dependent variable in this research was dummy variable, namely variable which was categorical or dichotomy by using nominal level data. Category 0 was given to the company that did not change to KAP, category 1 was given to the company that changed into upgrade type KAP, category 2 was given to the company that changed into downgrade type KAP, and category 3 was given to the company that changed to samegrade type KAP.

The going concern audit opinion was measured by using dummy variable referred to research of Sinarwati (2010) and Merawati et al. (2013), that was if the auditee received a going concern audit opinion (OAGC) in the previous year (t-1) was coded 1, whereas if it did not receive going concern audit opinion in the previous year (t-1) was coded 0.

The change of management was measured by using dummy variable referred to Sinarwati (2010), Suparlan and Andayani (2010), Wijaya (2011), and Hermawan and Fitriany (2013) studies. The change of management compared the Board of Directors in year (t) to the previous year (t- 1). If the auditee replaced the Board of Directors then given score 1. Whereas if not replace the Board of Directors then given score 0.

The quality of the audit committee was measured by using scoring referred to Setiawan and Fitriany (2011) research which was viewed from the activities and responsibilities of the audit committee, the number of audit committee members, and the competence of the audit committee by providing a good, fair and poor assessment for each component in Table 2.

Table 2. Scoring Measurement of Audit Committee Quality

	Good	Fair	Poor
Activities and Responsibilities of the Audit Committee			
1 Review of Financial Statements	2		1
2 Legal Compliance Evaluation	2		1
3 Corporate Risk Analysis	2		1
4 Reviewing and reporting to the commissioner for complaints relating to the issuer	2		1
5 Internal Control Evaluation	2		1
6 Reviewing the Audited Report	2		1
7 Proposing/ Choosing an External Auditor	2		1
8 Number of Audit Committee Meetings in a Year	3	2	1
9 Attendance Level in Audit Committee Meetings	3	2	1
Number of Audit Committee Members			
10 Number of Audit Committee Members	3	2	1
Competencies of Audit Committee			
11 The number of audit committee members who have an Accounting or Financial Background	3	2	1
12 Average Age of Audit Committee Members	3	2	1
Total maximum and minimum	29	10	12

Source: Setiawan and Fitriany, 2011

The analysis tool in this research was multinomial logistic regression analysis. Multinomial logistic regression used due to the dependent variable was dichotomous, which was the extension of the binary (two categories) of logistic regression if the dependent variable had more than two categories. Ghozali (2013: 333) stated that the logistic regression method was actually similar to the discriminant analysis, and could be used to examine whether the probability of dependent variables occurrence could be predicted by independent variables.

Testing of the hypothesis in this study was done with the following stages: The first analysis conducted was to assess overall model for data. To examine the null and alternative hypothesis, L was transformed to -2LogL . A decrease in likelihood (-2LL) indicated a better regression model or in other words the model hypothesized was fit with the data. (Ghozali, 2013: 353). The feasibility of the regression model was assessed by using Hosmer and Lemeshow's Goodness of Fit Test. If the statistical value of Hosmer and Lemeshow Goodness of greater than 0.05 then the null hypothesis could not be rejected and meant the model was able to predict the observed value or it could be said the model could be accepted because it was in accordance with the observation data (Ghozali, 2013: 354).

Hypothesis testing could be seen through regression coefficients tested to show the form of relationship between variables by comparing the value of probability (sign.) with significance level (α). If the asymptotic value was significant <0.10 (significance level / α) then H_a was accepted which meant that the independent variables significantly influenced the dependent variable. While the analysis technique used to examine the effect of moderation was by using absolute difference value test.

RESULTS AND DISCUSSIONS

The description explained the total of 116 units of analysis that did the change of KAP and did not do the change of KAP. The result of descriptive statistical test could be seen in Table 3.

Table 3. The Result of Descriptive Statistical Test

Variables		KAP Changes				Not Change	Total
		<i>Upgrade</i>	<i>Downgrade</i>	<i>Samegrade</i>	Σ		
OAGC	Yes	3	2	2	7	8	15
	No	6	6	21	33	68	101
TOTAL		9	8	23	40	76	116
Variables		KAP Changes				Not Change	Total
		<i>Upgrade</i>	<i>Downgrade</i>	<i>Samegrade</i>	Σ		
PMAN	Yes	4	1	6	11	15	26
	No	5	7	17	29	61	90
TOTAL		9	8	23	40	76	116
Variables		KAP Changes				Not Change	Total
		<i>Upgrade</i>	<i>Downgrade</i>	<i>Samegrade</i>	Σ		
KKA	17 – 18.5	-	-	-	-	1	1
	18.5 – 20.03	-	-	-	-	-	-
	20.04 – 21.54	-	-	2	2	4	6
	21.55 – 23.05	1	2	6	9	13	22
	23.06 – 24.56	5	3	3	11	18	29
	24.57 – 26.07	3	2	11	16	31	47
	26.08 – 27.58	-	1	-	1	6	7
	27.59 – 29	-	-	1	1	3	4
TOTAL		9	8	23	40	76	116

Source: Secondary data which processed in 2016

From the total of 116 units of analysis, 15 manufacturing companies received going concern audit opinion and 101 manufacturing companies did not receive going concern audit opinion. Subsequently, there were 26 manufacturing companies made a change in management and 90 manufacturing companies did not make a change in management. For the most score of audit committee quality in manufacturing companies lied in the scores range of 23.06 – 24.56 with a total of 29 companies. From 40 manufacturing companies that did KAP voluntary changes in 2011-2014 divided into three categories, 9 for KAP changes of upgrade type, 8 KAP changes of downgrade type, and 23 KAP changes of samegrade type.

The result of the analysis showed in model (1) the initial value of -2 Log Likelihood was 37.399. After entering new independent variable then -2 Log Likelihood value decreased to 29.939 or decreased equal to 7.460. In model (2) the initial value of -2 Log Likelihood was 114.151. After entering new independent variable then -2 Log Likelihood value decreased to 93.943 or decreased equal to 20.208. A decrease in the -2 Log Likelihood values indicated a good regression model or a model with independent variable provided better accuracy for predicting a change of KAP. It meant the null hypothesis could be accepted and showed that the model was fit with the data.

The result of the analysis showed the statistical value of Hosmer and Lemeshow's Goodness of Fit Test on model (1), chi-square pearson was 2.324 with significance value equal to 0.508 and chi-square deviance equal to 2.903 with significance value of 0.407. In pearson model (2), chi-square pearson was 89.488 with significance value of 0,002 and chi-square deviance was 53.998 with significance value of 0.474. Hence model (1) was said to be able to predict and explain empirical data due to the acquisition of chi-square pearson and chi-square deviance significance values greater than 0.05, but model (2) was not.

The value of Nagelkerke R Square was 0.072, meaning that the dependent variable that could be explained by the independent variables in model (1) was 7.2%. Meanwhile, the remaining 92.8% was explained by other variables outside this research model. In model (2), the value of Nagelkerke R Square was 0.186, meaning that the dependent variable which could be explained by the independent variables affected by the moderating variable in model (2) was 18.6%. Meanwhile, the remaining 81.4% was explained by other variables outside this research model.

The analysis result of correlation scale on model (1) had a correlation level of 0.022 or about 2.2% and the correlation scale in model (2) had a correlation level that was still below 90%. It could be concluded that there was no serious multicollinearity between the two independent variables. Overall, the classification accuracy of the multinomial logistic regression model in this study was 65.5% in the model (1) and 63.8% in model (2). Thus, the multinomial logistic regression model in this study had a good accuracy in predicting the changes of upgrade, downgrade, and samegrade KAP moderated by the quality of the audit committees on the research sample manufacturing companies. In multinomial logistic regression output, parameter estimation and interpretation in model (1) could be seen in SPSS output in Table 4.

Table 4. Parameter Estimation Model 1

PKAP ^a	B	Std. Error	Wald	Df	Sig.	Exp(B)	90% Confidence Interval for	
							Lower Bound	Upper Bound
	Intercept	-.048	.870	.003	1	.956		
Up	[OAGC 0]	= -1.533	.824	3.463	1	.063	.216	.056 .837
	[OAGC 1]	= 0 ^b	.	.	0	.	.	.
	[PMAN 0]	= -1.259	.752	2.801	1	.094	.284	.082 .979
	[PMAN 1]	= 0 ^b	.	.	0	.	.	.
Dw	Intercept	-1.823	1.271	2.056	1	.152		
	[OAGC 0]	= -1.021	.900	1.287	1	.257	.360	.082 1.583
	[OAGC 1]	= 0 ^b	.	.	0	.	.	.
	[PMAN 0]	= .499	1.112	.201	1	.654	1.646	.264 10.248
	[PMAN 1]	= 0 ^b	.	.	0	.	.	.
Sm	Intercept	-1.094	.910	1.444	1	.229		

[OAGC 0]	=	.192	.831	.053	1	.818	1.211	.309	4.748
[OAGC 1]	=	0 ^b	.	.	0
[PMAN 0]	=	-.356	.556	.410	1	.522	.700	.281	1.748
[PMAN 1]	=	0 ^b	.	.	0

Source: Secondary data which processed in 2016

Equation 1:

$$\ln \frac{P(Y_i=Upgrade)}{P(Y_i=Not\ Change)} = -0.048 + (-1.533) OAGC + (-1.259) PMAN$$

Equation 2:

$$\ln \frac{P(Y_i=Downgrade)}{P(Y_i=Not\ Change)} = -1.823 + (-1.021) OAGC + 0.499 PMAN$$

Equation 3:

$$\ln \frac{P(Y_i=Samegrade)}{P(Y_i=Not\ Change)} = -1.094 + 0.192 OAGC + (-356) PMAN$$

The coefficient of going concern audit opinion (OAGC) was -1.533 with odd-ratio (Exp-B) of 0.216. The significance value of Wald Test was 0.063 < 0.10 concluded that going concern audit opinion (OAGC) significantly affected corporate opportunity to change KAP into upgrade type compared to not change KAP. Based on the result then Ho was rejected and Ha was accepted. H1a assumed that companies that accepted going concern audit opinion had lower probability on the change of upgrade type KAP than company that did not do change of KAP, hypothesis was accepted. If the company switched to a larger KAP when the company accepted a going concern audit opinion, it was feared that it might lead to the possibility of obtaining an unfair opinion with a more detailed assessment of business continuity due to the consideration on better audit quality of a larger company compared to the previous KAP. This findings supported research conducted by Aier et al. (2013), but contrary to research of Sinarwati (2010) and Merawati et al. (2013).

The coefficient of going concern audit opinion (OAGC) was -1.021 with odd-ratio (Exp-B) of 0.360. The significance value of Wald Test was 0.257 > 0.10 concluded that going-concern audit opinion (OAGC) did not significantly affect the corporate opportunity to change the KAP of downgrade type compared to not changing the KAP. Based on the result then Ho was accepted and Ha was rejected. H1b assumed that companies which accepted going concern audit opinion had higher probability to change KAP of downgrade type than companies that did not do change of KAP, hypothesis was rejected. The hypothesis was rejected because the direction of the coefficient was negative and the value of significance obtained exceeded α (0.10). Although there were doubts about the conditions that resulted in the continuity of the corporate business, management had an effective plan to overcome these conditions and has done disclosure well (Sinarwati, 2010).

Going concern audit opinion was obtained from public accountant that was compatible enough, so companies tend to accept the giving of going concern audit opinion without changing KAP (Merawati et al., 2013). If the company switched to a smaller KAP while receiving a going concern audit opinion it was feared to cause the company experienced the decrease in trust level from investors and shareholders. This finding were contrary with Aier et al. (2013), nevertheless supported research conducted by Sinarwati (2010) and Merawati et al. (2013) which indicating that going concern audit opinion did not affect the change of KAP.

The coefficient of going concern audit opinion (OAGC) was 0.192 with odd-ratio (Exp-B) of 1.211. The Wald Test significance value of $0.818 > 0.10$ concluded that going concern audit opinion (OAGC) did not significantly affect the chances of the company changing the samegrade type KAP rather than not to change the KAP. Based on the results then H_0 was accepted and H_a was rejected. H_1c assumed that companies that accepted going concern audit opinion had lower probability to change into samegrade type KAP than companies that did not change the KAP, the hypothesis was rejected. The hypothesis was rejected because the direction of the coefficient was positive and the significance value obtained exceeded α (0.10). Although there were doubts about the conditions that resulted in the continuity of the corporate business, the management already has an effective plan to overcome these conditions and the management has done disclosure well (Sinarwati, 2010).

Going concern audit opinion was obtained from public accountant that was compatible enough so that the company tends to accept the giving of going concern audit opinion without changing KAP (Merawati dkk., 2013). If the company switched to a KAP that had the same size when receiving a going concern audit opinion it was feared would arouse suspicion from investors and shareholders due to switch to KAP which actually had a quality that was not much different from the previous KAP quality. So it would appear the assumption that the change of KAP into samegrade type was not wise done when receiving a going concern audit opinion. This finding conflicted with study of Aier et al. (2013), but supported research conducted by Sinarwati (2010) and Merawati et al. (2013) which indicating that going concern audit opinion did not affect the change of KAP.

The coefficient of management change (PMAN) was -1.259 with odd-ratio (Exp-B) of 0.284. The Wald Test significance value of $0.094 < 0.10$ concluded that the change of management (PMAN) significantly affected the chances of the company to switch to upgrade type KAP rather than to not switch the KAP. Based on the result then H_0 was accepted and H_a was rejected. H_{2a} assumed that the company that did the change of management had a higher probability towards the change of upgrade type KAP than the company that did not change the KAP, the hypothesis was rejected. The hypothesis was rejected because the direction of the coefficient was negative. Although the company was still implementing the old accounting policies and reporting, the engagement with old KAP could still be aligned with the new management policy by renegotiating between the parties (Damayanti and Sudarma, 2008). Another factor that became the consideration of the new management for not doing voluntary KAP changes was agency costs. Companies that made a change of upgrade type KAP would spend higher cost. This finding supported the research of Damayanti and Sudarma (2008), Suparlan and Andayani (2010), and Chadegani et al. (2011), but contrary to research Sinarwati (2010), and Nazri et al. (2012), and Hermawan and Fitriany (2013).

The coefficient of management change (PMAN) was 0.499 with odd-ratio (Exp-B) of 1.646. The Wald Test significance value of $0.654 < 0.10$ concluded that the change of management (PMAN) did not significantly affect the chances of the company to change into downgrade type KAP compared to not change the KAP. Based on this result then H_0 was accepted and H_a was rejected. H_{2b} assumed that the company that did the change of management had a lower probability to change into downgrade type KAP than the company that did not change the KAP, the hypothesis was rejected. The hypothesis was rejected because the direction of the coefficient was negative and the value of significance obtained exceeded α (0.10). Although the company was still implementing the old accounting policies and reporting, the engagement with old KAP could still be aligned with the new management policy by renegotiating between the parties (Damayanti and Sudarma, 2008). Another factor which became the consideration of the management was agency costs. Companies that made a change of KAP would spend lower cost. This finding supported the research of Damayanti and Sudarma (2008), Suparlan and Andayani (2010), and Chadegani et al. (2011), but contrary to research Sinarwati (2010), and Nazri et al. (2012), and Hermawan and Fitriany (2013).

The coefficient of management change (PMAN) was -0.356 with odd-ratio (Exp-B) of 0.700. The Wald Test significance value of 0.522 <0.10 concluded that the change of management (PMAN) did not significantly affect the chances of the company changing to samegrade type KAP rather than not to make a change of KAP. Based on the results then Ho was accepted and Ha was rejected. H2c assumed that the company that did the change of management had a higher probability of switching to samegrade type KAP than the company that did not change the KAP, the hypothesis was rejected. The hypothesis was rejected because the direction of the coefficient was negative and the value of significance obtained exceeded α (0.10). Although the company was still implementing the old accounting policies and reporting, the engagement with old KAP could still be aligned with the new management policy by renegotiating between the parties (Damayanti and Sudarma, 2008).

Another factor for not doing voluntary KAP changes was agency costs. Companies that made a change of samegrade type KAP would spend relatively the same cost. This finding supported the research of Damayanti and Sudarma (2008), Suparlan and Andayani (2010), and Chadegani et al. (2011), but contrary to research Sinarwati (2010), and Nazri et al. (2012), and Hermawan and Fitriany (2013). Fucucot and Shearon; 1991 (Ghozali, 2011: 235) explained that this kind of interaction (absolute difference value) was preferred because the previous expectation related to a combination between independent variables and moderating variables and influenced the dependent variable. In multinomial logistic regression output, parameter estimation and interpretation in model (2) could be seen in SPSS output in Table 5.

Table 5. Parameter Estimation Model 2

PKAP ^a	B	Std. Error	Wald	df	Sig.	Exp(B)	90% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Intercept	-1.604	.839	3.649	1	.056			
ZOAGC	.772	.519	2.215	1	.137	2.164	.922	5.08
ZPMAN	.825	.496	2.767	1	.096	2.281	1.009	5.155
1 ZKKA	-.433	.510	.721	1	.396	.648	.280	1.501
AbsX1_Z	-.390	.623	.393	1	.531	.677	.243	1.884
AbsX2_Z	-.443	.626	.501	1	.479	.642	.230	1.797
Intercept	-.319	1.148	.077	1	.781			
ZOAGC	1.414	.686	4.251	1	.039	4.113	1.331	12.709
2 ZPMAN	.332	.692	.230	1	.632	1.393	.446	4.353
ZKKA	.038	.768	.002	1	.961	1.039	.294	3.672
AbsX1_Z	-1.642	.893	3.386	1	.066	.194	.045	.840
AbsX2_Z	-.748	.995	.564	1	.453	.473	.092	2.434
3 Intercept	-1.481	.479	9.549	1	.002			
ZOAGC	.327	.369	.784	1	.376	1.387	.755	2.545

ZPMAN	-.319	.382	.696	1	.404	.727	.388	1.363
ZKKA	.010	.248	.002	1	.966	1.011	.672	1.519
AbsX1_Z	-.804	.508	2.501	1	.114	.448	.194	1.033
AbsX2_Z	.917	.451	4.131	1	.042	2.501	1.191	5.250

Source: Secondary data which processed in 2016

Equation 1

$$\ln \frac{P(Y_i=Upgrade)}{P(Y_i=Not\ Change)} = -1.604 + 0.772 ZOAGC + 0.825 ZPMAN + (-0.433) ZKKA + (-0.390) AbsX1_Z + (-0.443) AbsX2_Z$$

Equation 2

$$\ln \frac{P(Y_i=Downgrade)}{P(Y_i=Not\ Change)} = -0.319 + 1.414 ZOAGC + 0.332 ZPMAN + 0.038 ZKKA + (-1.642) AbsX1_Z + (-0.748) AbsX2_Z$$

Equation 3

$$\ln \frac{P(Y_i=Samegrade)}{P(Y_i=Not\ Change)} = -1.481 + 0.327 ZOAGC + (-0.319) ZPMAN + 0.010 ZKKA + (-0.804) AbsX1_Z + 0.917 AbsX2_Z$$

The coefficient of standardize going concern audit opinion (ZOAGC) was known to be 0.772 with odd-ratio (Exp-B) of 2.164. The Wald Test significance value of 0.137 > 0.10 concluded that the variable of standardized going concern audit opinion (ZOAGC) did not significantly affected the chance of the company to change into upgrade type KAP compared to not changing the KAP. Based on the result then Ho was accepted and Ha was rejected. Hypothesis 3a which stated that the quality of the audit committee had a high probability on the influence of going concern audit opinion toward the change of KAP of the upgrade type than the company that did not make the change of KAP, this hypothesis was rejected. As a party which reviewed a report of public accountant with a public accountant (Boynton, 2001: 58), the audit committee could review and assess the reliability and quality of the audit results of the KAP. If the report of public accountant was assessed reliably by the audit committee, the audit committee recommended not to change the KAP. With the change of KAP would actually cause a decrease in audit quality (Chen et al., 2004). It also triggered an increase in agency costs. These findings supported the study of Merawati et al. (2013) where audit committee quality was reviewed based on governance experience and audit committee activity.

The coefficient of standardize going concern audit opinion (ZOAGC) was known equal to 1.414 with an odd-ratio (Exp-B) of 4.113. The Wald Test significance value of 0.039 < 0.10 concluded that the variable of standardize going concern audit opinion (ZOAGC) significantly affected on corporate opportunity to change into downgrade type KAP compared that to not change KAP. Based on the result then Ho was accepted and Ha was rejected. Hypothesis 3b which stated that the quality of the audit committee had a low probability on the effect of going concern audit opinion toward the change of downgrade type KAP than the company that did not change the KAP, this hypothesis was rejected. As a party that reviewed a report of public accountant with a public accountant (Boynton, 2001: 58), the audit committee could review and assess the reliability and quality of the audit results of the company. If the report of public accountant was assessed reliably by the audit committee, the audit committee recommended not to change the KAP. With the change of KAP would actually cause a decrease in audit quality (Chen et al., 2004). It could also lead to an increase in agency costs. These findings supported research conducted by Merawati et al. (2013) where audit committee quality was reviewed based on governance experience and audit committee activity.

The coefficient of standardize going concern audit opinion (ZOAGC) was known equal to 0.327 with odd-ratio (Exp-B) of 1.387. The Wald Test significance value of $0.376 > 0.10$ concluded that the standardized going concern audit opinion (ZOAGC) did not significantly affect the corporate chance to switch to a samegrade type KAP rather than not to change the KAP. Based on the result then H_0 was accepted and H_a was rejected. Hypothesis 3c which stated that the quality of the audit committee had a high probability on the effect of going concern audit opinion on the change of samegrade type KAP than companies that did not change the KAP, this hypothesis was rejected. As a party which reviewed a report of public accountant with a public accountant (Boynton, 2001: 58), the audit committee could review and assess the reliability and quality of the audit results of the companies. If the report of public accountant was assessed reliably by the audit committee, the audit committee recommended not to change the KAP. With the change of KAP would actually cause a decrease in audit quality Chen et al. (2004). It could also lead to an increase in agency costs. These findings supported research conducted by Merawati et al. (2013) where audit committee quality was reviewed based on governance experience and audit committee activity.

The coefficient of standardize management change (ZPMAN) was known equal to 0.825 with odd-ratio (Exp-B) of 2.281. The Wald Test significance value of $0.096 < 0.10$ concluded that the variable of standardize management change (ZPMAN) significantly affected the corporate opportunity to switch to upgrade type KAP compared to not change the KAP. Based on the result then H_0 was rejected and H_a was accepted. Hypothesis 4a which stated that the quality of the audit committee had a high probability on the effect of management change on the change of upgrade type KAP than the company that did not change the KAP, this hypothesis was accepted. The consideration of audit committee to switch to upgrade type KAP when company did change of management, where the audit committee assessed that the audit result from bigger KAP was better and would benefit corporate business activities. Where the change of management happened to coincide with the condition where the company was growing rapidly such as moving the status from non-go public company into a go public company. Bigger KAP tend to have greater quality and quantity of human resources with the support of more effective and efficient auditing methods. These findings supported Merawati et al. (2013)) where the quality of the audit committee was reviewed based on the independence and financial expertise of the audit committee.

The coefficient of standardize management change (ZPMAN) was known equal to 0.332 with odd-ratio (Exp-B) of 1.393. The Wald Test significance value of $0.632 > 0.10$ concluded that the variable of standardize management change (ZPMAN) did not significantly affect the corporate opportunity to change into downgrade type KAP compared than to not change the KAP. Based on the result then H_0 was accepted and H_a was rejected. Hypothesis 4b which stated that the quality of the audit committee had a low probability on the effect of management change on the change into downgrade type KAP than the company that did not change the KAP, this hypothesis was rejected. As a party that could link management interests with public accountants (Boynton, 2001: 58), the audit committee could review and assess what the company needed when management change happened. If the change of management happened to coincide with the conditions under which the company was declining would trigger agency cost. The audit committees had experience in governance where they have worked as an independent party who oversaw the financial statements of the boards of commissioners, public accountants, and internal auditors. Therefore, the audit committees tend to be more understanding and sympathetic to the risks that public accountants took when disputes with management (Merawati et al. , 2013). These findings supported the study of Merawati et al. (2013) where audit committee quality was reviewed based on governance experience and audit committee activity.

The coefficient of standardize management change (ZPMAN) was known equal to -0.319 with odd-ratio (Exp-B) of 0.727. The Wald Test significance value of $0.404 > 0.10$ concluded that the variable of standardize management change (ZPMAN) did not significantly affect the chances of the company to

switch to samegrade type KAP compared than to not switch the KAP. Based on the results then Ho was accepted and Ha was rejected. Hypothesis 4c which stated that the quality of the audit committee had a high probability on the effect of management change on the change to samegrade type KAP than the company that did not change the KAP, this hypothesis was rejected. As a party that could link management interests with public accountants (Boynton, 2001: 58), the audit committee could review and assess what the company needed in the time of management change. If the change of management happened to coincide with the conditions under which the company was declining would trigger agency costs. The audit committees had experience in governance where they have worked as an independent party who oversaw the financial statements of the boards of commissioners, public accountants, and internal auditors. Therefore, the audit committees tend to be more understanding and sympathetic to the risks that public accountants took when disputes with management (Merawati et al. , 2013). These findings supported the study of Merawati et al. (2013) where audit committee quality was reviewed based on governance experience and audit committee activity.

CONCLUSIONS

Based on the results of the analysis and discussion that have been done, it can be concluded that going concern audit opinion significantly affects on the change of upgrade type KAP, but did not significantly affect on the change of downgrade and samegrade types KAP. Then the change of management has no significant effect, either on the change of KAP type upgrade, downgrade, and samegrade. Furthermore, going concern audit opinion moderated by audit committee quality has no significant effect, either on the change of KAP type of upgrade, downgrade, and samegrade. While the change of management moderated by the quality audit committee significantly affects on the change of KAP types of upgrade, but did not significantly affect on the change of management to the change of KAP types of downgrade and samegrade. For further research should multiply the research variables used as factors that affect the change of upgrade type KAP.

REFERENCES

- Aier, Jagadison K., Jones, Keith L., Schroeder, Joseph, H. 2013. A Case Against Mandatory Audit Firm Rotation? An Examination of Bargaining Power during the Terminal Year of the Auditor/Client Relationship.
- Boynton, W.C., Johnson, Raymond N., Kell, Walter G. 2003. *Modern Auditing*. Jakarta: Erlangga.
- Chadegani, Arezoo Aghaei., Mohamed, Zakiah Muhammaddun., dan Jari, Azam. 2011. "The Determinant Factors of Auditor Switch Among Companies Listed on Tehran Stock Exchange". *International Research Journal of Finance and Economics*. Issue 80.
- Chen, C-Y., Lin, C-J., and Lin, Y-C. 2004. Audit Partner Tenure, Audit Firm Tenure and Discretionary Accruals: Does Long Auditor Tenure Impair Earnings Quality? Working Paper, Hong Kong University of Science and Technology.
- Damayanti, S., Made, S. 2008. Faktor-faktor yang Mempengaruhi Perusahaan Berpindah Kantor Akuntan Publik. Seminar Akuntansi XI, Pontianak.
- Febrianto, R. 2009. Pergantian Akuntan Publik dan Kantor Akuntan Publik. <http://rfebrianto.blogspot.com/2016/2/pergantian-akuntanpublik-dan-kantor-akuntan.html>, diakses 11 Februari 2016.
- Ghozali, Imam. 2013. *Aplikasi Analisis Multivariate Dengan Program SPSS*. Semarang: Universitas Diponegoro
- Hao, Q., Xiaolan Zhang, Yuequan Wang, Chunlong Yang, dan Guiqing Zhao. 2011. Audit Quality and Independence in China: Evidence From Going-Concern Qualifications Issued During 2004-2007. *International Journal of Business, Humanities and Technology*, 1, 111-119.
- Hermawan, Y. Dadi dan Fitriany. (2013). Analisis Faktor-Faktor Yang Mempengaruhi Pergantian Kantor Akuntan Publik Upgrade, Downgrade, dan Samegrade pada Perusahaan yang Terdaftar Di Bursa Efek Indonesia (BEI).Manado: Simposiun Nasional Akuntansi 16.

- Ismail, Shahnaz et al. 2008. Why Malaysian Second Boards Companies Switch Akuntan publiks: Evidence of Bursa Malaysia. *International Research Journal of Finance and Economics*. Issue 13.
- Merawati dkk. 2013. Pengaruh Karakteristik Komite Audit pada Hubungan Opini Audit Going Concern dengan Pergantian Auditor. Simposium Nasional Akuntansi XVI, Manado.
- Meckling W.H., d. M. C. J. 1976. Theory of The Firm: Managerial Behaviour Agency Cost and Ownership Structure. *Journal of Financial Economics*, 3, 305-360.
- Nagy, A.L., 2005. Mandatory Audit Firm Turnover, *Financial Reporting Quality and Client Bargaining Power*, *Accounting Horizons*. 19(2): 51-68.
- Nazri et al. 2012. Factor Influencing Auditor Change: Evidence From Malaysia. *Asian Review of Accounting*, 20 (3): 222-240.
- Pradipta, Randi Pujas dan Septiani, Aditya. 2014. Faktor-faktor Yang Mempengaruhi Perusahaan Manufaktur Terdaftar Di BEI Melakukan Pergantian Auditor Secara Voluntary. *Diponegoro Journal Of Accounting*. 3(3)
- Setiawan W. Liswan dan Fitriany. 2011. Pengaruh Workload Dan Spesialisasi Akuntan Publik Terhadap Kualitas Audit Dengan Kualitas Komite Audit Sebagai Variabel Pemoderasi. *Jurnal Akuntansi dan Keuangan Indonesia*, 8.
- Sinarwati, Ni Kadek. 2010. Mengapa Perusahaan Manufaktur yang Terdaftar di BEI Melakukan Pergantian KAP?. Simposium Nasional Akuntansi 13. Purwokerto.
- Suparlan dan Andayani, Wuryan. 2010. Analisis Empiris Pergantian Kantor Akuntan Publik Setelah Ada Kewajiban Rotasi Audit. Simposium Nasional Akuntansi 13, Purwokerto.
- Wardhani, Ratna. 2009. Tingkat Konservatisme Akuntansi di Indonesia dan Hubungannya dengan Karakteristik Dewan Sebagai Salah Satu Mekanisme Corporate Governance. Laporan Penelitian Departemen Akuntansi FE UI.
- Wijaya, R.M.A. Pangky. 2011. Faktor-faktor yang Mempengaruhi Pergantian Akuntan Publik Oleh Klien. *Jurnal Malang*: Universitas Brawijaya.