

THE EFFECT OF COMPANY SIZE AND FINANCIAL DISTRESS ON AUDITOR SWITCHING USING THE COMPANY GROWTH AS MODERATING VARIABLE AT PROPERTY FOR REAL ESTATE COMPANIES IN INDONESIA

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Abstract : The study aims to examine the effect of Company Size and Financial Distress on Auditor Switching using Company Growth as moderation variables for property and real estate companies listed in Indonesia Stock Exchange in the period of 2015 – 2019. The study is quantitative research intended to find relationship between variables. The secondary data used in this study is quantitative data obtained from Indonesia Stock Exchange. The sample population of this study covers property and real estate sub-sector companies that publish financial reports in the year of 2015 – 2019. Samples are taken using purposive sampling method during the study period. Based on the completeness of panel data, 105 data were originally available and only 70 data that can be processed. The analytical method used is multiple linear regression which is processed using EViews9. The results of this study indicate that: (1) Company size has a positive effect on Auditor Switching; (2) Financial Distress has no effect on Auditor Switching; (3) Company Size which is moderated by Company Growth influences and increases the effect of Auditor Switching; (4) Financial Distress which is moderated by Company Growth has no effect on Auditor Switching. Recommendation of this study is for the investors to consider all information related to auditor switching prior to the end of auditing exercise before making decision to invest.

Keywords: Auditor Switching, Company Size, Financial Distress, Company Growth

Abstrak: Penelitian ini bertujuan untuk menguji pengaruh Ukuran Perusahaan dan Kesulitan Keuangan terhadap Auditor Switching menggunakan Pertumbuhan Perusahaan sebagai variabel moderasi pada perusahaan properti dan real estate yang terdaftar di Bursa Efek Indonesia periode 2015 – 2019. Penelitian ini bersifat kuantitatif penelitian yang dimaksudkan untuk menemukan hubungan antar variabel. Data sekunder yang digunakan dalam penelitian ini adalah data kuantitatif yang diperoleh dari Bursa Efek Indonesia. Populasi sampel penelitian ini adalah perusahaan sub sektor properti dan real estate yang menerbitkan laporan keuangan tahun 2015 – 2019. Pengambilan sampel menggunakan metode purposive sampling selama periode penelitian. Berdasarkan kelengkapan data panel, awalnya tersedia 105 data dan hanya 70 data yang dapat diolah. Metode analisis yang digunakan adalah regresi linier berganda yang diolah menggunakan EViews9. Hasil penelitian ini menunjukkan bahwa: (1) Ukuran perusahaan berpengaruh positif terhadap Auditor Switching; (2) Financial Distress tidak berpengaruh terhadap Auditor Switching; (3) Ukuran Perusahaan yang dimoderasi oleh Pertumbuhan Perusahaan berpengaruh dan meningkatkan pengaruh Auditor Switching; (4) Financial Distress yang dimoderatori oleh Pertumbuhan Perusahaan tidak berpengaruh terhadap Auditor Switching. Rekomendasi dari penelitian ini adalah agar investor mempertimbangkan semua informasi yang terkait dengan auditor switching sebelum akhir auditing exercise sebelum mengambil keputusan untuk berinvestasi.

Kata kunci: Auditor Switching, Ukuran Perusahaan, Kesulitan Keuangan, Pertumbuhan Perusahaan,

INTRODUCTION

Auditor switching is the change of the Public Accounting Firm (KAP) by the client company in providing audit assignments for financial statements. Auditor switching that occurs because of a regulation or regulation that requires companies to perform rotation is called mandatory, while voluntary rotation outside of the applicable regulations is called voluntary. In carrying out the audit process, auditors need to examine financial statements by paying attention to and maintaining independence, objectivity and integrity (Arifah, 2018).

In practice, the auditor does not object to conducting audits at the same company for a long time, however, if this happens, it is feared that it could lead to an accustomed relationship that might reduce the auditor's independence level so that there is a need to limit the tenure engagement. The independent auditor functions to carry out examinations objectively and provide an opinion on the fairness of the financial statements (Arifah, 2018).

The obligation to rotate auditors is regulated by the Government with the issuance of Decree of the Minister of Finance of the Republic of Indonesia Number 359 / KMK.06 / 2003 Article 2 concerning "Public Accountant Services" (amendments to the Decree of the Minister of Finance Number 423 / KMK.06 / 2002). This regulation states that the provision of general audit services for the financial statements of an entity can be performed by a public accounting firm for a maximum of five consecutive financial years and by a public accountant for a maximum of three consecutive financial years (Minister of Finance of the Republic of Indonesia, 2003).

The regulation was later updated with the issuance of the Minister of Finance Regulation Number 17 / PMK.01 / 2008 concerning "Public Accountant Services" (Nurchayani, 2013). As for the Regulation of the Minister of Finance Number 17 / PMK.01 / 2008 concerning Limitation of Service Period in article 3 which reads "The provision of general audit services on the financial statements of an entity is carried out by KAP for a maximum of 6 (six) consecutive financial years and by a Public Accountant for a maximum of 3 (three) consecutive financial years".

The regulation was later updated again with the issuance of the Republic of Indonesia Government Regulation Number 20 of 2015 concerning "Public Accountant Practices". Meanwhile, Government Regulation of the Republic of Indonesia Number 20 of 2015 concerning Audit Limitation in article 11 reads "The provision of audit services on historical financial information as referred to in Article 10 paragraph (1) letter a for an entity by a Public Accountant is limited to a maximum of 5 (five). consecutive financial years "(President of the Republic of Indonesia, 2015).

There is a renewal of the obligation to rotate auditors, namely the issuance of POJK Regulation No. 13 / POJK.03 / 2017 concerning Use of Public Accountant Services and Public Accounting Firms in Financial Service Activities. The POJK Regulation No. 13 / POJK.03 / 2017 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities in article 5 reads "Parties Conducting Financial Services are required to limit the use of audit services on annual historical financial information from the same AP for a maximum of 3 (three) successive financial years. Meanwhile, restrictions on the use of services from KAP depend on the results of the Audit Committee's evaluation of the potential risk of using the services of the same KAP in a row for a fairly long period of time".

It is deemed necessary to limit the duration of the engagement, because the long term of the engagement may cause the auditor to establish a familial relationship exaggerated. This relationship can threaten to reduce the quality and competence of auditors when evaluating audit evidence.

So the problem arises when a company changes the KAP at the company's own will (voluntary). The phenomenon that occurs in Indonesia, is one of the cases that occurred at PT. Waskita Karya, which is a state-owned company in the property sector where there has been fraud in its financial statements.

This case arose when there was a change in the board of directors. The new managing director asked a third party to conduct an in-depth audit of the company's financial statements. In the 2008 financial statements, it was disclosed that there was a misstatement or accumulation of assets in 2005 amounting to Rp. 5 billion. The value of Rp. 5 billion consists of two ongoing projects, the first project is the renovation project of the Riau Governor's Office which started in 2004 and has been completed 100% with a contract value of Rp. 13.8 billion. However, at the end of 2005 there were additional jobs worth IDR 3 billion. Until the end of 2008, the balance still appeared on the company's balance sheet as gross receivables from employers.

The second project is the construction project of the Bulian Jambi Sports Center. The contract value is IDR 33,998,000,000 and PT. Waskita Karya Persero admitted that the contract revenue from this progress amounted to IDR 2 billion. This balance is still outstanding at the end of 2008.

As an illustration of how much cash material the estimated accumulation value of assets in 2005, namely the asset value of PT. Waskita Karya Persero amounted to Rp1.6 trillion, and the value allegedly inflated by management in 2005 was Rp. 5 billion or 0.3% of the asset value (Purnami, 2015). In Waskita's financial report, it was revealed that the auditors of this BUMN

were the public accounting firm Ishak, Saleh, Soewondo and colleagues in 2007 (Arifenie, 2009).

Company size is a picture of the size of the company which is determined based on nominal size. Grouping based on the scale of operation (large and small) can be used by investors as one of the variables in determining investment decisions. The size of a company is measured based on total assets. The larger the total assets of a company indicates that the size of the company is large, on the contrary, the smaller the total assets of a company indicates that the size of the company is getting smaller (Simbolon, 2015).

Handini (2017) states that company size has an effect on auditor switching. The reason is that client companies with small total assets tend to switch KAP which are not classified as Big four, while client companies that have large total assets still choose big four KAP as their auditors, which reflects the suitability of size between KAP and their clients. However, the results of this study do not support the research conducted by Effendi and Rahayu (2015) which states that company size has a significant negative effect on auditor switching.

Financial distress is a company condition that is in a state of financial difficulty (Muid and Astrini in Faradila and Yahya, 2016). Financial distress is a condition in which a company experiences unhealthy conditions or financial difficulties, so it is feared that it will go into bankruptcy. Bankruptcy is a condition in which a company is no longer able to pay off its obligations (Prihadi in Nurcahyani, 2013).

According to Nurcahyani (2013) financial distress has a positive and significant effect on auditor turnover. Companies that experience financial distress, are companies that are on the verge of bankruptcy, to overcome problems so that the company's financial condition can be normal, one of which requires an injection of funds from external parties, namely investors (Rohmah, 2016). However, the results of this study do not succeed in supporting the effect of financial distress on auditor switching. According to Putra (2014) financial distress has no effect on auditor switching, this can be caused by high start-up costs if the company changes its auditors, while the company's condition is unstable.

Based on previous research, the results obtained are inconsistent. This motivates researchers to conduct research using the moderating variable of company growth in strengthening or weakening the influence of company size and financial distress on auditor switching at property and real estate companies listed on the Indonesia Stock Exchange in 2015-2019.

Company growth is a measure of how well a company maintains its financial condition, both in its industry and in overall economic activity (Arifah, 2018). Companies that continue

to grow will tend to change auditors because they require better quality auditors. The company's rapid growth will certainly be accompanied by changes in management and must also be balanced by auditors who are more qualified and have the ability to match the company's growth.

Faradila and Yahya (2016) analyze company growth which shows that the growth of client companies affects auditor switching. The results of his research show that the higher the growth of the client company, the increased auditor switching actions are done to get auditors who can meet the demands of company growth, improve the company's reputation, gain shareholder trust, and attract potential investors to invest. However, the results of this study do not support the research conducted by Arifah (2018) which states that company growth has no effect on auditor switching.

The research gap based on the previous results, as far as authors' knowledge, there is no research that studies on the effect of company size and financial distress on auditor switching using the company growth as moderating variable. The case study was taken from the real estate companies in Indonesia in the period of 2015 – 2019.

The Research problem in this study is how big the influence of company size and financial distress is on auditor switching, in addition to whether the company's growth can moderate the effect of company size and financial distress on auditor switching. the title of this research is *The Effect of Company Size and Financial Distress on Auditor Switching Using the Company Growth As Moderating Variable at Property And Real Estate Companies in Indonesia.*

Research purposes

The purpose of this study is to determine and analyze how much influence company size and financial distress have on auditor switching and to find out that company growth can moderate the effect of company size and financial distress on auditor switching.

Benefits of Research

The benefits of this research are to provide input to companies about financial reports that provide reasonable, objective, trustworthy and easy to understand information for others, as well as information material for companies regarding factors that can influence companies in making office changes Public accountant.

LITERATURE REVIEW

Agency Theory

Jensen and Meckling (1976) describe agency relationships as a contract under one or more principals that involve agents to perform some services for them by delegating decision-making authority to agents. The owner will delegate responsibility to company management, and company management agrees to act on the responsibility or authority given by the owner. Owners and agents are assumed to be parties who know the field of economics rationally and have mutual interests.

An auditor is a party who is considered capable of bridging the interests of the principal (shareholders) and the manager (agent) in managing company finances. The auditor performs the function of monitoring the manager's work through a means, namely the company's annual report. The auditor's job is to provide an opinion on these financial statements regarding the reasonableness. In addition, current auditors must also consider the survival of the company by providing quality audit quality so that later it will have an impact on the survival of the company and the company's stock price (Effendi and Rahayu, 2015).

Auditor Switching

According to Hery (2017: 5) External auditors are often referred to as independent auditors or certified public accountants. An external auditor can work as the owner of a public accounting firm (KAP) or as a member of it. Some auditors are called "external" or "independent" because they are not employees of the entity being audited. The external auditor is an outside person (an independent party), who conducts an examination to provide an opinion (opinion) regarding the fairness of the financial statements that have been prepared by the client company's management.

Company Size

According to Hery (2017: 11) in general, company size can be interpreted as a comparison of the size or size of an object. Company size is divided into 3 categories, namely large change (large firm), medium firm (medium firm), and small company (small firm). Company size is a scale in which the size of the company can be classified according to various ways, including total assets, stock market value, and others (Prasetyorini, 2013). Company size is considered capable of influencing firm value because the larger the size or scale of the company, the easier it will be for the company to obtain funding sources, both internal and external.

Financial Distress

According to Arifin (2018: 189) financial distress is a situation where the operating cash flow of a company is not sufficient to satisfy current obligations (such as credit trading or interest spending) and the company is forced to take corrective action. In this case financial distress can be said to be the company's failure to complete its obligations and also the company's inability to generate sufficient cash flow to make a payment required under the contract, but financial distress can also bring something that can fail a contract, and it may involve financial restructuring among companies that may be forced to liquidate their assets, creditors, and equity investors.

Company Growth

Company growth is important for the company. The company's growth rate is one of the things that investors need to consider in making decisions about their investment. This growth shows that the business run by the company is not stagnant (Nurcahyani, 2013). The growth rate of a company is how well a company maintains its economic position, both in its industry and in overall economic activity. The company's growth is projected by the company's sales level. The growth rate of a company will affect the ability to maintain profits in events in the future. The company's high sales growth will reflect increased revenue so that dividend payments tend to increase (Simbolon, 2015).

Research Framework

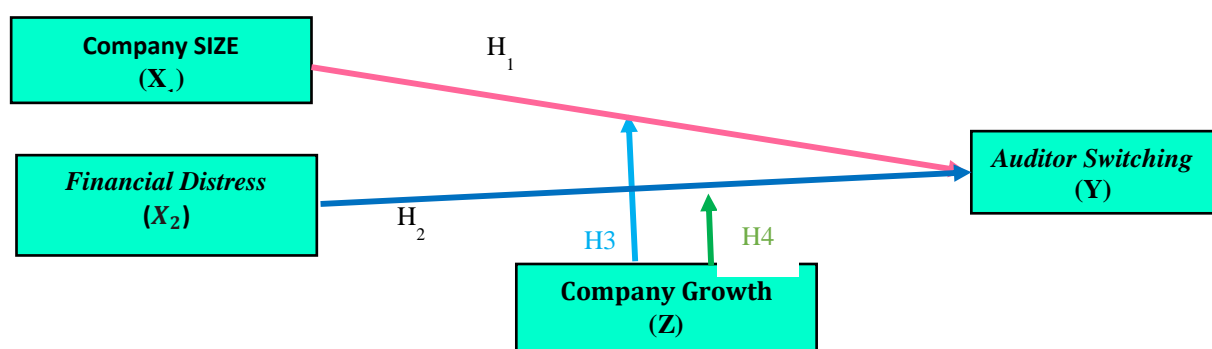


Figure 1. Framework

Research Hypothesis

H₁: Firm size has an effect on auditor switching

H₂: Financial distress affects auditor switching

H₃: Company growth moderates firm size on auditor switching

H₄: Company growth moderates financial distress on auditor switching

RESEARCH METHODOLOGY

1. Data Collection

The research utilizes secondary data which is qualitative data. The secondary data was obtained from Indonesia Stock Exchange (Bursa Efek Indonesia), online public data dan company websites. Data collection was conducted by examining the yearly report from particular companies. The data is also gathered from published financial year reports, such as company's balance sheet and income statement (IDX, 2019).

2. Data Analysis Method

Analysis method utilizes descriptive statistics analysis, classical assumption test dan regression hypothesis test on the collected data with secondary data was obtained from *www.idx.co.id*. The data was analyzed using *Eviews 9.0* (IDX, 2019).

3. Sampling Method

The data population in this research is real estate and property companies registered in BEI (Indonesian Stock Exchange) from the year of 2015 to the year of 2019. Sampling method was using *purposive sampling method in which sampling* was collected following below procedures:

Tabel 1. The Origin of Data Collection

Real Estate and Property Companies listed in BEI in the period of 2015 – 2019

No	Sample Criteria	Total Companies
1	Number of Companies in real-estate and property subsector listed in BEI (Indonesia Stock Exchange)	54
2	Number of Companies in real-estate and property subsector listed in BEI (Indonesia Stock Exchange) which have incomplete required variables and data	(26)
3	Number of Companies in real-estate and property subsector listed in BEI (Indonesia Stock Exchange) which were not published their financial report in year 2019	(6)
4	Data Outlier	(1)
Total Samples		21
Period of data which is being collected (years)		5
Total samples in the period of research		105

Source : Data BEI, 2020

Descriptive Statistical Analysis

In this research, descriptive statistics are used to provide an overview of the variables in this study, namely company size, financial distress, audit opinion, and auditor switching.

Table 2. Descriptive Statistics Test Results

	Y	X₁	X₂	Z
Mean	0.863810	0.803905	0.854381	0.718667
Median	0.650000	0.680000	0.800000	0.520000
Maximum	2,370201	2,448263	2,267355	2,681154
Minimum	0,646418	0,042425	0,002391	0,003170
Std. Dev.	0.498907	0.589808	0.513015	0.691654
Observations	105	105	105	105

Source: data processed with Eviews 9, 2020

Notes:

Y = Auditor Switching

X₁ = Company Size

X₂ = Financial Distress,

Z = Company Growth

Based on the table above, it can be seen that the amount of data used is 1 observation with 21 companies during the 2015-2019 period. From the results of descriptive statistical analysis, all observations can be explained as follows:

1. Auditor Switching Dependent Variable (Y)

The results of the descriptive statistics show that Auditor Switching using a Likert scale obtains a mean of 0.863810 with a median of 0.650000. Meanwhile, the maximum value is 2.370201 and the minimum is 0.646418. The standard deviation is 0.498907.

2. Independent Variable Firm Size (X₁)

The results of the descriptive statistical analysis show that the size of the company using the measurement of Size with the Logarithm of Natural Total Asset, obtains a mean value of 0.803905 with a median of 0.680000. Meanwhile, the maximum value is 2.448263 and the minimum value is 0.042425. The standard deviation is 0.589808.

3. Independent Variable of Financial Distress (X₂)

The results of the descriptive statistical analysis show that financial distress by using the Debt to Asset Ratio (DAR) measurement obtained a mean value of 0.854381 with a median of 0.800000. Meanwhile, the maximum value is 2.267355 and the minimum value is 0.002391. The standard deviation is 0.513015.

4. Company Growth as a Moderation Variable

The results of the descriptive statistics show that the company's growth using growth measurements obtained a mean value of 0.718667 with a median of 0.520000. Meanwhile,

the maximum value is 2.681154 and the minimum value is 0.003170. Standard deviation 0.691654.

Regression Estimation

Common Effect Model

The common effect model is the simplest technique for estimating panel data by simply combining time-series and cross-section data. This model does not pay attention to individual or time dimensions so that it is assumed that behavior between individuals is the same in various time periods. The results of the multiple regression estimation of the common effect model are presented in the following table:

Table 3. Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.882312	0.367378	2.401.645	0.0181
X1	0.000558	9.40E05	5.940.710	0.0000
X2	0.435126	0.287163	1.515.257	0.1328

Source: data processed with EViews 9, 2020

Based on the regression results above, the equation model using the Common Effect method can be formulated as follows:

$$\text{Auditor switching} = 0.882312 + 0.000558 X_1 + 0.435126 X_2$$

The above equation can be explained that:

- The alpha coefficient value is 0.882312 which indicates a positive value.
- The coefficient value of the firm size variable as X_1 is 0.000558 which indicates that the company size variable has a positive relationship with auditor switching.
- The coefficient value of the financial distress variable is 0.435126, which indicates that the financial distress variable has a positive relationship with auditor switching.

Fixed effect model

Fixed effect model or known as Least Squares Dummy Variables (LSDV) is used to estimate the model with panel data where each cross section has its own intercept. The results of the multiple regression estimation of the fixed effect model are presented in the following table:

Table 4. Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.839.987	1.250.350	1.471.577	0.1450
X1	-0.000189	0.000379	-0.498446	0.6195
X2	-0.269237	0.217882	-1.235.702	0.2201

Source: data processed with EViews 9, 2020

Based on the regression results above, the equation model using the Fixed Effect method can be formulated as follows:

$$\text{Auditor switching} = 1.839987 - 0.000189 X_1 - 0.269237 X_2$$

The equation above can be explained that:

- a) The alpha coefficient value is 1.839987 which indicates it has a positive value.
- b) The coefficient value of the firm size variable as X1 is -0.000189 which indicates that the firm size variable has a negative relationship with auditor switching.
- c) The coefficient value of the financial distress variable is -0.269237, which indicates that the financial distress variable has a negative relationship with auditor switching.

Random effect model

The random effect model approach is a panel data approach model that uses panel data where the disturbance variable is thought to have a relationship that may be interrelated between time and between individuals. The results of the multiple regression estimation of the random effect model are presented in the following table:

Table 5. Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.307964	0.624898	0.492822	0.6232
X1	0.040257	0.016905	2.383.401	0.0190
X2	-0.284496	0.211991	-1.342.018	0.1826

Source: data processed with EViews 9, 2020

Based on the regression results above, the equation model using the Random Effect method can be formulated as follows:

$$\text{Auditor switching} = 0.307964 + 0.040257 X_1 - 0.284496 X_2$$

The equation above can be explained that:

- a) The alpha coefficient value is 0.307964 which indicates a positive value.
- b) The coefficient value of the firm size variable as X1 is 0.040257 which indicates that the company size variable has a positive relationship with Auditor Switching.
- c) The coefficient value of the Financial Distress variable is -0.284496 which indicates that the Financial Distress variable has a negative relationship with Auditor Switching.

Selection of Regression Model

Chow Test in Fixed effect Model

The results of the Chow test show that the probability of cross section chi-square regression and MRA regression is 0.0000 and 0.0000, respectively, smaller than alpha (0.05)

so that H_0 is rejected and H_a is accepted. Then the appropriate method for the two models in the regression test research is the fixed effect model.

Hausman Test on Random effect Model

The results of the random effect model (MRA) test using the hausman test. Based on the above test results, it can be seen that the probability of multiple regression random cross section and MRA regression is 0.2147 and 0.1268, respectively, so it can be concluded that H_0 is accepted and the model that is best used is the random effect model.

The Lagrange Multiplier Test in the Common Effect Model

Based on the results of the Lagrange Multiplier Test in the Common Effect Model, it can be seen that the value of the cross section in multiple regression <0.05 is 0.0000 in the interaction regression (MRA) is also <0.05 , so H_0 is rejected and the model that is more appropriate to use is the random effect model compared to the common effect. model.

Based on the results of the Chow test, the Hausman test and the Lagrange multiplier, it shows that the best model is used for multiple regression and interaction regression (MRA) random effects model.

Hypothesis Testing

Coefficient of Determination (R²)

Based on the analysis results, it can be seen that the Adjusted R-Squared (R²) is 0.124835. This shows that the proportion of the influence of company size variables and financial distress on auditor switching is 12.48%, while the remaining 87.52% (100% - 12.48%) is influenced by other variables that are not in the regression model. The results of the interaction determination coefficient (MRA) are as follows:

Table 6. The coefficient of determination (R²) MRA

R-Square	Adjusted-R Square
0.241573	0.195429

Source: data processed with EViews 9, 2020

Based on the test results, it shows that the value obtained from the adjusted R-Squared (R²) regression model moderation coefficient of 0.195429 is greater than the coefficient of determination of multiple linear regression without using a moderating variable. This shows that the proportion of the influence of the independent variable firm size, financial distress and the moderating variable of company growth on the dependent variable, namely auditor switching is 19.54%, while the remaining 80.46% (100% - 19.54%) is influenced by other variables which are not researched in this study.

Partial Significance (T test)

The results of the t test in this study can be seen in the following table:

Table 7. Test Statistic T

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.307964	0.624898	0.492822	0.6232
X1	0.040257	0.016905	2.383401	0.0190
X2	-0.284496	0.211991	-1.342018	0.1826

Source: data processed with EViews 9, 2020

Based on the table above, the hypothesis in this study is:

- a. H_1 = (Company size affects Auditor Switching)

The prob value. the firm size variable < critical probability value ($\alpha = 5\%$) of 0.0190 < 0.05, so that the firm size variable influences the auditor switching. The regression coefficient value is 0.040257, indicating that Company Size has a positive relationship with Auditor Switching. The conclusion in this study is to accept H_1 .

- b. H_2 = (Financial Distress has no effect on Auditor Switching)

The prob value. The Financial Distress variable > critical probability value ($\alpha = 5\%$) of 0.1826 > 0.05, so the Financial Distress variable has no significant effect on Auditor Switching. The regression coefficient value of -0.284496 indicates that Financial Distress is negatively related to Auditor Switching. The conclusion in this study is to reject H_2 .

The results of the interaction regression t test (MRA) are as follows:

Table 8. MRA T Statistical Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	39.54748	13.34523	2.963417	0.0040
X1	0.012930	0.004454	-2.902641	0.0048
X2	1.208359	2.134501	0.566108	0.5729
Z	-0.013917	0.004816	-2.889769	0.0050
X1*Z	4.60E-06	1.61E-06	2.865230	0.0053
X2*Z	-0.000536	0.000778	-0.688775	0.4930

Source: data processed with EViews 9, 2020

Based on the table above, then:

- a. H_3 = (Company size affects Auditor Switching with Company Growth as moderation)

The variable X1 * Z is the multiplication interaction between the independent variable firm size and the firm growth moderating variable. The prob value. variable X1 * Z < critical probability value ($\alpha = 5\%$) of 0.0053 < 0.05, so that the Company Growth variable can moderate the independent variable the value of Company Size on Auditor Switching. The coefficient value of 4.60 and positive indicates that the moderating variable of

Company Growth strengthens the relationship between the variable company size and auditor switching. The conclusion from the research results is to accept H₃.

- b. H₄ = (Financial Distress has no effect on Auditor Switching with Company Growth as moderation)

The variable $X_2 * Z$ is the multiplication interaction between the independent variable financial distress and the company growth moderating variable. The prob value. Variable $X_2 * Z >$ critical probability value ($\alpha = 5\%$) of $0.4930 > 0.05$, so that the Company Growth variable cannot moderate the independent variable Financial Distress on Auditor Switching. The coefficient value of -0.000536 and negative indicates that the moderating variable of corporate growth does not strengthen the relationship between the financial distress variable and the auditor switching. The conclusion from the research results is to reject H₄.

RESULT AND DISCUSSION

The Effect of Company Size on Auditor Switching.

In this study, company size has an effect on auditor switching. The firm size variable shows a positive sign. The positive effect means that the higher the company size, the company will have the opportunity to do auditor switching, and conversely, the lower the company size value, the company will not have the opportunity to do auditor switching.

The results of this hypothesis test indicate that company size has a positive effect on auditor switching at property and real estate companies listed on the Indonesia Stock Exchange for the period 2015-2019. The larger the total assets of a company indicates that the size of the company is large, conversely the smaller the total assets of a company indicates that the size of the company is getting smaller. Grouping based on the scale of operation (large and small) can be used by investors as one of the variables in determining investment decisions.

When the size of the company increases and the value of Total Asset increases, the company tends to do auditor switching because bigger companies need auditors with better reputations to increase shareholders' trust. The rationale is that the auditor's reputation must be in accordance with the size of the company and the type of service required. The results of this study are in line with the research of Handini (2017) and Paramita, et al (2014) which states that company size has a positive effect on auditor switching.

The Effect of Financial Distress on Auditor Switching

In this research, financial distress has no significant effect on auditor switching. Financial distress has no significant effect on the company's auditor turnover. When the auditor first audits a client, the first thing to do is to understand the client's business environment and the client's audit risk. For auditors who do not understand these two problems, the start-up costs will be high so that it can increase the audit fee and it will add to the burden on the company. Companies that experience financial distress tend not to change auditors, to maintain the trust of shareholders and creditors, if the company frequently changes auditors, a negative assumption will arise.

However, if it refers to POJK Regulation No. 13 / POJK.03 / 2017 concerning the Use of Public Accountant Services and Public Accounting Firms in Financial Services Activities in article 5 reads "Parties Conducting Financial Services are required to limit the use of audit services on annual historical financial information from the same AP for a maximum of 3 (three) successive financial years. Meanwhile, restrictions on the use of services from KAP depend on the results of the Audit Committee's evaluation of the potential risk of using the services of the same KAP consecutively for a fairly long period of time ", in this condition companies experiencing financial distress must continue to change auditors because POJK Regulation No. 13 / POJK.03 / 2017. Therefore, this study shows that Financial Distress has an effect on but not significant to Auditor Switching, because companies experiencing financial distress will continue to change auditors when they have passed the three financial years in accordance with POJK Regulation No. 13 / POJK.03 / 2017.

This research contradicts the research conducted by Nurcahyani (2013) and Rohmah (2016) which state that financial distress has a positive effect on auditor switching. However, this study is in line with research conducted by Salim and Rahayu (2014) and Simbolon (2015) which state that financial distress has no significant effect on auditor switching.

The Effect of Financial Distress on Auditor Switching with Company Growth as Moderation

The effect of financial distress on auditor switching with company growth as a moderating variable. The variable financial distress on auditor switching with company growth as a moderating variable shows a negative sign. The results of this hypothesis test indicate that financial distress with company growth as moderation has no significant effect on auditor switching at property and real estate companies listed on the Indonesia Stock Exchange for the period 2015-2019.

The positive effect means that the higher the value of company size with company growth as a moderator, the higher the rate of auditor turnover, and conversely the lower the value of company size with company growth as moderating, the lower the rate of auditor turnover. With the results of moderation regression analysis, it is known that company size with sales growth as a moderating variable can strengthen the occurrence of auditor switching.

If sales growth increases by looking at the sales value, the resulting profit will be greater, and this affects the size of the company. When sales increase, total assets will increase. When total assets increase, the size of the company has an effect on auditor switching because client companies with small total assets tend to switch KAPs that are not classified as big four, while client companies that have large total assets still choose big four accounting firms as auditors, which reflects the suitability of size between KAP with his clients. The bigger the size of the client company will have more complex activities so that it chooses a larger KAP. Due to the large size of the company, it means that the company has more assets, both current assets and fixed assets.

This research is in line with the research conducted by Handini (2017), that the company size variable has a positive effect on auditor switching, reinforced by the moderating variable, namely company growth.

The Effect of Financial Distress on Auditor Switching with Company Growth as Moderation

The effect of financial distress on auditor switching with company growth as a moderating variable. The variable financial distress on auditor switching with company growth as a moderating variable shows a negative sign. The results of this hypothesis test indicate that financial distress with company growth as moderation has no significant effect on auditor switching at property and real estate companies listed on the Indonesia Stock Exchange for the period 2015-2019. if the growth of a company with sales value as a measure decreases, it will affect the resulting profit. If a company finds that its sales are low, it will experience a loss which causes financial distress. When the company experiences a loss and approaches financial distress, the possibility of doing auditor switching does not occur. Companies will be more inclined to improve operations than to incur costs for auditor switching.

This research is not in line with research conducted by Setyawati (2017), which states that financial distress with sales growth as moderation has a positive effect on auditor switching. But this research is in line with research conducted by Handini (2017), which states that

financial distress with sales growth as moderation does not have a significant effect on auditor switching.

CONCLUSION AND SUGGESTIONS

Conclusion

This conclusion aims to analyze the effect of Company Size and Financial Distress on Auditor Switching with Company Growth as Moderation in the Property and Real Estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. the following:

- a) Firm size has a positive effect on auditor switching.
- b) Financial distress has no significant effect on auditor switching.
- c) Company size can moderate the company's growth variable on auditor switching.
- d) Financial distress cannot moderate the company's growth variable on auditor switching.

Managerial Implication

1. Recommendation for investor is to thoroughly check and validate the information related to reasons why company performing auditor switching before auditing appointment is ended before the investor to decide in investing.
2. Recommendation for companies is to reconsider the decision in performing auditor switching when it against standard rule or existing law due to implication of company reputation in the eye of future investors.

Suggestions

Based on the research results and conclusions that have been presented, several suggestions are put forward for further research:

For further researchers it is recommended to expand the years of research used, add or replace several other independent variables because there are still many factors that affect auditor switching that are not included in this study, and use other measurements so as to strengthen the results of research that has been done . Looking for information if there are changes in regulations or the latest regulations regarding auditor switching. In addition, it can also add a larger number of samples so as to strengthen the results of previous research.

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