

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

This research aims to prove the impact of audit fee, public accounting firm reputation, company size, and company financial distress on auditor switching in State-Owned Enterprises listed on IDX from the year of 2013 to 2017. So, a few conclusions can be drawn as follows:

1. Audit fee has a positive influence on auditor switching. It shows that the companies who experienced an increase in audit fees tend to do auditor switching. High amount of audit fee will obviously burden the financial condition of a company, thus expenses need to be minimized.
2. Public accounting firm reputation has no influence on auditor switching. It indicates that public accounting firms reputation is not a determinant factor of auditor switching in SOEs.
3. Company size has no influence on auditor switching. This means that company size is not the reason for the companies to conduct auditor switching.
4. Company financial distress has no influence no auditor switching. This implies that the companies who experienced financial difficulties were not inclined to switch their auditors. Thus, the companies with financial distress need to maintain their company reputation by still using the same auditor or audit firm.

5.2. Research implications

This research can give interested parties information to make decision and take actions relating to auditor switching. The study yielded theoretical implication with regard to several factors that influence auditor switching. The research findings can be used to develop theory in the field of auditing, especially in auditor switching. Future research is expected to do more research and studies relating to the factors that may influence auditor switching. The findings also have implications on giving education to investors about the factors that affect a company to change its auditors or firms and actions should be taken.

Besides, there is practical implication of this research, which is for companies and auditors. A company can consider the factors that influence auditor switching and do auditor switching regularly based on regulations. This research provides auditors the information on what makes a company decides to change its auditors or audit firm. In addition, auditors will more consider audit fee since it is the key factor that makes a company decides to do auditor switching.

5.3. Limitations and recommendations

1. This research only explained 8.9% of the independent variables, thus, it is recommended that future studies investigate more variables, since there are other variables that have a likelihood of influencing auditor switching, such as audit opinion, audit tenure, and management changes.

2. It is recommended that future studies investigate other sectors, since there are various sectors on IDX, such as mining, real estate and property, or finance.

