

## DETERMINANTS OF AUDIT QUALITY: THE EFFECT OF OWNERSHIP STRUCTURE AND AUDIT COMMITTEE ACTIVITIES

**Agnes Silvia Ananda**  
*agnesilvia@student.uns.ac.id*  
**Nurmadi Harsa Sumarta**  
**Kingkin Kurnia Trio Satriya**  
**Prihatnolo Gandhi Amidjaya**  
Universitas Sebelas Maret

### ABSTRAK

*Penelitian ini menguji pengaruh struktur kepemilikan dan aktivitas komite audit terhadap kualitas audit pada perusahaan yang terdaftar di Indonesia. Struktur kepemilikan yang diuji, yaitu kepemilikan manajerial, kepemilikan institusional, kepemilikan pemerintah, kepemilikan asing, dan kepemilikan keluarga. Populasi penelitian kami adalah 506 perusahaan yang terdaftar di Bursa Efek Indonesia antara tahun 2015 dan 2020 dengan jumlah sampel 317. Kualitas audit diproksikan dengan earnings surprise benchmark. Struktur kepemilikan diukur dengan menggunakan persentase kepemilikan. Aktivitas komite audit diukur dengan menggunakan jumlah rapat yang diadakan. Data penelitian dianalisis dengan analisis regresi logistik menggunakan program statistik SPSS. Temuan kami menunjukkan bahwa kepemilikan manajerial, institusional, asing, dan keluarga serta aktivitas komite audit berpengaruh signifikan terhadap kualitas audit sedangkan kepemilikan pemerintah tidak berpengaruh signifikan. Hasil dari penelitian ini diharapkan dapat memberikan informasi dan masukan mengenai pengaruh pemegang saham dalam perusahaan dan informasi bagi perusahaan dalam memberikan tugasnya kepada komite audit, serta memberikan tambahan pengetahuan bagi para pembaca dan dapat menjadi bahan referensi untuk penelitian selanjutnya.*

*Key words: komite audit, kualitas audit, Indonesia, struktur kepemilikan*

### ABSTRACT

This study examines the effect of ownership structure and audit committee activities on audit quality in Indonesian listed companies. The ownership structures studied consisted of managerial, institutional, government, foreign, and family ownership. The population of our study consists of 506 listed companies in Indonesian Stock Exchange between 2015 and 2020 with 317 total samples. Audit quality is proxied by the earnings surprise benchmark. Ownership structure is measured using the percentage of ownership. Audit committee activity is measured using the number of meetings held. Research data is analyzed with logistic regression analysis using SPSS statistic program. Our findings suggest that managerial, institutional, foreign, and family ownership as well as audit committee activities significantly affect audit quality while government ownership does not have significant effect. The findings of this research are designed to give information and feedback on the company's shareholders, assist the organization in delegating audit committee responsibilities, and provide readers with extra knowledge.

Kata kunci: audit committee, audit quality, Indonesia, ownership structure

### INTRODUCTION

Audits and financial statements have a very close relationship because the auditor

has a function to generate an opinion on the financial statements. Financial statements should reflect the financial position of the

company without biased information that can make users of the report wrong in making economic judgments (Hapsoro and Handayani, 2020). A high-quality audit is needed to avoid material misstatement of financial information in the financial report. The quality and reliability of financial reports will improve with audit activity on a company (Alzeaideen and Al, 2018). In Indonesia, audit quality is highly questionable after many companies have been involved in scandals. The scandal prompted the Indonesian Ministry of Finance to revoke several public accountants and public accounting firms.

Sandria (2021) reported finding the 2018 GIAA financial report error, which resulted in Garuda being ordered to adjust and recalculate its 2018 financial statements and issue a public statement. Sandria (2021) also reports that there are also cases in the financial statements of PT. Hanson during 2016 has been proven to have violated capital market law by first recognizing revenue and not presenting a sale and purchase contract in the financial statements. It results in overstated revenue of Rp 613 billion of in the 2016 financial statements in which the Indonesia Financial Service Authority (OJK) gives serious administrative sanction (OJK Announcement Number PENG-3/PM.1/2019 concerning Administrative Sanction on PT. Hanson International, Tbk).

Based on the past cases, audit quality becomes a priority to be considered and needs to be improved in Indonesia and becomes an interesting topic to study. There are external and internal factors that can affect audit quality. According to Pratama and Syafruddin (2013), internal factors are the composition of company ownership. Septianawati and Wening (2021) argues that one of the company's internal factors is corporate governance. The source of the problems that are occurring continuously in companies is caused by the lack of corporate governance practices (Jodjana et al., 2021).

The implementation of Good Corporate Governance (GCG) requires a vital function

namely the supervision (Aspan, 2017) and a governance organ is required to carry out the supervision to achieve the company's goals (Sudarmanto et al., 2021). In practice, the audit committee plays this role as an auxiliary organ of the board of commissioners. In addition, the audit committee is seen as a strong tool in supporting effective corporate governance (Al-Musali et al., 2019).

Tai et al. (2020) mention that the main tasks of the audit committee is to monitor financial performance and ensuring the reliability of the company's financial statements. Activities that the audit committee can carry out are recommending management to select a reliable auditor, reviewing the recommended audit scope for the current fiscal year, the audit methodology to be used, and, at the end of the audit, examining the audit findings, including evaluation and feedback from the independent auditor team leader (Wedari, 2015). The role of the audit committee encourages impetus for company management to run as GCG, namely accountability, independence, independence, fairness, and responsibility.

Soliman and Abd Elsalam (2012) believe that reasonable corporate business entity management procedures will increase the quality of the financial reporting process and determine the reliability of a financial report based on auditing quality. Further, the audit committee is regarded as one of the factors responsible for overseeing the interests of shareholders and plays a role in monitoring the company's financial statements (Agyei-Mensah, 2019). The audit committee has a role in providing correspondence between the board, internal auditors, external auditors, and executive officers (Suryanto et al., 2017).

To support the role of the audit committee, it is necessary to have activities in the form of meetings between committee members. According to Wedari (2015), the audit committee that often holds meetings will have more information about the latest audit issues and are considered more diligent in carrying out their responsibilities. The audit

committee is considered capable of overcoming agency problems and reducing information gaps at the internal and external levels, including the company's shareholders. The audit committee will monitor financial reporting procedures to improve the quality of financial reports and financial reports (Gautama et al., 2017).

Audit quality is an interesting topic that has been studied by several people. On the other hand, ownership aspect is part of the company's corporate governance and is an important part of the company's internal management. Talking about audit quality there is a level of GCG where the ownership structure and audit committee are important aspects in determining the integrity of business accounting. Based on previous studies, the ownership structure is an important governance tool that has made significant progress recently (Al-Matari and Al-Hebry, 2019). The ownership structure being part of the GCG system can minimize disputes between investors and management (Fadillah, 2017). In addition, the structure of equity ownership is the foundation of corporate governance because the ownership structure helps in making corporate decisions, which will affect the company's behavior and business performance (Irawati et al., 2019).

In creating good quality audit, it is necessary to have a shareholder role that company management tries to implement effective corporate governance (Widani and Bernawati, 2020). The existence of different owners or shareholders in the company allows for differences in behavior and references to certain board structures, which are likely to affect the quality of external auditors (Guizani and Abdalkrim, 2021). Research from Alhababsah (2019) states an essential relationship between family ownership, non-financial institutional ownership, and government ownership on audit quality. No significant relationship was found between institutional financial ownership and foreign ownership on audit quality.

This research provides contribution to the literature that fills the gap of previous

studies. This research examines all kinds of ownership structure, namely institutional, family, foreign, government, and managerial ownership. This research also uses a better assessment of audit quality by using earnings surprise benchmark in Indonesia in which previous research using an earnings surprise benchmarks proxy is still limited. The earnings surprise benchmark proxy has previously been used in research Carey and Simnett (2006) modified and adapted to the conditions in Indonesia, like Wibowo and Rossieta (2009) and also used in research Aqmarina and Yendrawati (2019). This research also covers more observation scope by using all sectors in IDX for the 2015-2020 period. This study is expected to provide a clearer picture of the impact of the ownership structure and activities of the audit committee on audit quality to provide recommendations regarding the influence of shareholders in the company in assigning their duties to the audit committee. The remainder of the paper is arranged as follows: literature review, hypothesis development, research method, results and discussion, and conclusion.

## LITERATURE REVIEW

### Agency Theory

An agency relationship is formed when a party (principal) hires another party (agent) in charge of providing services and giving the agent the authority to make decisions (Govindarajan and Anthony, 2012). There are those who have the right to make decisions, namely, the agent and the one in charge of evaluating, namely, principles. Some parties have the right to decide, namely the agent and the party in charge of evaluating, namely the principal. The agency model forms a system that constructs both parties (Kartika, 2021). The corporate theory assumes that agents and principles do things in their interest. Stocks that apply as expected will only increase their financial results, while agents as parties who have control in managing the company tend to optimize their desires and sideline shareholders to

create agency conflicts (Fachriza and Mardijuwono, 2020).

Agency problems between the agent and the principal can affect the quality of the information reported (Pham et al., 2017). According to Mustafa and Che-Ahmad (2018), agency problems occur because managers are not under the control of shareholders, so managers have the opportunity to pursue their own goals. In addition, this study examines audit quality because audit quality is an important requirement for resolving agency problems; agency theory can directly audit quality and dimensions of corporate governance (Alawaqleh et al., 2021).

The audit committee and auditors have a role as parties who can mediate between agents and principals who have conflicting interests in managing the company's finances. Recommendations from the audit committee will affect the auditors' appointment to create transparency and accountability in the financial statements presentation in a company (Utami and Diyanty, 2015). Agency theory explains that a critical function of the board and audit committee is needed to convince agents to make the best decisions for the needs of shareholders (Mustapha et al., 2019).

Cooperating with external auditors as part of the supervisory task of the financial reporting process, including taking part in the scope of the audit, is the obligation of the audit committee (Sultana et al., 2019). Information and additional data, such as accounting systems within the company, transactions, internal control environment, and good communication owned by the audit committee will help the auditor's performance (He et al., 2017). The supervision and checking results of financial statements which is carried out by the audit committee and auditors can assist shareholders or the investors in making decisions.

### **Audit Quality**

Audit quality is whether or not the audit has been done well by the public accountant (Fahdi, 2018). According to DeAngelo (1981),

understanding audit quality is an opportunity that may occur when the auditor gets a deviation from the client's accounting system and then submits it in the audited financial report. Audit quality is a reliable guarantee for users of financial statements, including investors, to use the financial statements produced by the company (Hutapea, 2018). Enhancement the quality and reliability of financial reports can be realized with the role of audit (Alzeaiden and Al, 2018). Audit quality can also be seen from the perspective of audit failure. According to Francis (2004) in Anafiah et al. (2017), audit failure can be measured through a lawsuit against the auditor, business failure, and an investigation by the capital market authority. If audit quality increases, the audit failure will be reduced.

The role of the audit is to minimize information discrepancies in accounting numbers and minimize losses due to manager opportunism in financial reporting (Soliman and Abd Elsalam, 2012). There are two sides to reviewing audit quality: demand and supply (Alhababsah and Yekini, 2021). This study focuses more on the demand side of audit quality, namely regarding the possibility that managerial, government, institutional, foreign owners, and family owners demand high quality on audit.

### **Ownership Structure**

The shareholder is a party who owns shares in the company or its shareholders. The ownership structure is the ratio or comparison of capital ownership in a company. Abdullah and Ani (2021) argues that one of the essential things in accounting, auditing, and finance is the ownership structure and changes in owner behavior in certain circumstances. The ownership structure to be investigated consists of:

#### *Managerial Ownership*

Managerial ownership is the ownership of shares by the company's management. If managerial investors are getting bigger, management will maximize their level of

performance because management will have an obligation to realize their interests and the wishes of their management (Ati et al., 2020). Management vigilance will increase decision-making and carry out tasks well for management purposes because they act as the company's owner and have a role in managing the company (Ayunitha et al., 2020). Prominent managerial ownership can participate in decision-making activities, then the existence of a position in a senior managerial position can reduce the manager's opportunity to mislead investors (AlQadasi and Abidin, 2018).

### ***Institutional Ownership***

Institutional ownership is company shares owned by an institution. According to Guizani and Abdalkrim (2021), the voting power of institutional ownership to be an active monitor makes it easier for them to exercise control in managers. Institutional shareholders can use their voting rights to change the composition of the board of directors so that the supervisory role of outside directors becomes more effective. The high level of institutional share ownership will affect investors' control activities over company practices, including financial reporting mechanisms (Wedari, 2015). Institutional shareholders will improve corporate governance practices in entities by utilizing their mechanisms to defend the interests of shareholders, including in companies that have poor performance (Al-Sartawi and Sanad, 2019).

### ***Government Ownership***

Government ownership shares that belong to the government. According to Guizani and Abdalkrim (2021), the difference between the board role for state-owned and privately-owned companies is that government shareholders can have goals other than stock returns, namely the pursuit of political support and public support. The motivation of state ownership to maintain the company's viability is prone to disruption due to the vast network of government

connections and various political goals (Borisova et al., 2012). Alshammari (2014) in Guizani and Abdalkrim (2021) declare that companies whose ownership rights are dominated by the government have an incentive to protect their political interests; they may prefer low-quality auditors so that they will produce less informative financial reports.

### ***Foreign Ownership***

Foreign ownership, as referred to in Article 1 point 6 of Law Number 25 of 2007, is the ownership of capital in Indonesia by foreign investors, either fully or jointly with domestic investors (Indonesia UU No 25, 2007). Foreign ownership is ownership of shares by foreign people, and organizations reign ownership as principal to request good quality audit quality from management. Managers will be motivated to demand high audit quality and positive company integrity to attract more foreign capital (Alhababsah, 2019). The Indonesian government has also given guarantees to foreign investors so that they do not hesitate to invest through Presidential Decree No. 39 the Year 2014 (Gautama et al., 2017).

### ***Family Ownership***

Family ownership is the shares owned by the family or the involvement of family members in the company. Large family ownership provides a large role for the family in overseeing management performance so that it is possible to improve audit quality (Diyanty et al., 2018). Characteristics of family firms, such as high-quality financial reporting, less vulnerability to financial manipulation, a tendency not to hide bad news, and increased disclosure requirements suggest a lower audit effort in family firms (Shiri et al., 2018). With family ownership, it is also feared that management acts for the controlling family and ignores other shareholders (Alhababsah, 2019).

### ***Audit Committee Activities***

Based on Peraturan Menteri (2011) dated 1 Agustus 2011, good corporate governance

is a benchmark that forms the basis of a company management method and procedure based on the law and company regulations. Effective corporate governance will provide encouragement and guidance for management in implementing the principles of good governance; in addition, effective governance will increase corporate control, which will prevent management from making mistakes in financial statements (Widani and Bernawati, 2020). The audit committee is a body created by the board of commissioners to mitigate its role when conducting inspections and supervision of the company.

The audit committee focuses on financial reporting risks, identifying accounting policies and assessing those accounting policies, and focusing on auditors dealing with existing problems (Martin, 2013). The activities of the audit committee also assess legal issues and government policies that can affect the company's risk and financial statements (Wedari, 2015). According to Boshnak (2021), agency theory in the audit committee implies that the audit committee is an essential element of the corporate governance system, and the audit committee has an important control task to ensure that the financial statements produced are of good quality and can reflect the actual financial condition of the company.

OJK Regulation Number 55/POJK.04/2015 contains the obligation for issuers to have an audit committee (Indonesia, 2015). OJK regulations have regulated the company's audit committee. Explained that the board of commissioners appoints and dismisses members of the audit committee. The audit committee consists of at least 3 members consisting of an independent commissioner and one non-issuer party, as well as an audit committee led by an independent commissioner.

One of the audit committee's activities is holding meetings between committee members. An audit committee that is active in conducting meetings is considered active and has a broad reach in carrying out its role

to improve the quality of internal control (Al-Hajaya, 2019). In OJK regulations, it is stated that at least once for three months, the audit committee must hold a meeting or meetings. The decision of the audit committee meeting will be taken based on deliberation for consensus.

### **Hypotheses Development**

#### **Effect of Managerial Ownership on Audit Quality**

According to Jiraporn and Nimmanunta (2018), managerial ownership is considered a governance procedure that can reduce agency problems because managerial shareholders help align the interests of investors and managers. Management as an agent is expected to manage the company by the principal's objectives with managerial ownership because the position of management is the same as that of shareholders as owners of the company (Hapsoro and Handayani, 2020). Managerial ownership allows the manager to act as both manager and owner of the company to make company financial reports with high audit quality. From this explanation, the following hypotheses can be obtained:

H<sub>1</sub>: Managerial ownership affects audit quality.

#### **Effect of Institutional Ownership on Audit Quality**

Institutional ownership becomes very important through a large ownership composition because it monitors the audit process (Awadallah, 2020). Institutional ownership can implement professional views managerial skills, exercise the right to vote and ask managers to improve company efficiency (Haryono et al., 2017). In addition, many provisions institutions can assist shareholders as a preventive measure if managers negatively influence the audit process and monitor and maintain audit quality (Bazrafshan et al., 2021). According to Guizani and Abdalkrim (2021), research-active and passive institutional ownership

positively affect quality audits. From this description, the hypothesis is obtained:

H<sub>2</sub>: Institutional ownership affects audit quality.

#### **Effect of Government Ownership on Audit Quality**

Government ownership, in general, is detrimental to corporate governance because the state's interests are not fully aligned with the interests of the company (Borisova et al., 2012). In this case, the government is considered to be rejecting the appointment of a higher-quality auditor. Research by Alhababsah (2019) shows that audit quality is significantly positively related to government ownership. At the same time, research by Hardi (2019) shows that government ownership hurts audit quality. Research by Borisova et al. (2012) finds that possession of government is linked to poor quality governance. From this description, the hypothesis is obtained:

H<sub>3</sub>: Government ownership affects audit quality.

#### **Effect of Foreign Ownership on Audit Quality**

Among other investors, foreign investors have strong supervision and control over a company's business (Lee et al., 2018). Foreign shareholders rely heavily on audits to maintain the reliability of the company's financial figures because they feel disadvantaged by the limitations in monitoring management due to geographical distance (Pronobis and Schaeuble, 2020). Foreign investors are considered to have extensive information networks, more sophisticated technology, and sufficiently mature knowledge of investment so that they will be able to implement better monitoring procedures than family ownership or local institutions (Gautama et al., 2017). From the description obtained the hypothesis:

H<sub>4</sub>: Foreign ownership affects audit quality.

#### **Effect of Family Ownership on Audit Quality**

Niskanen et al. (2011) in Guizani and Abdalkrim (2021) stated that family firms might not allow monitoring of their behavior and thus may be less willing to hire high-quality auditors. According to agency theory, the goal of a family company is to prioritize personal interests that affect the process of financial reporting (Homayoon and Hakimzadeh, 2017). In research by Guizani and Abdalkrim (2021), the results obtained that family ownership harms audit quality through the board's independence. A study by Diyanty et al. (2018) showing family-owned has a good impact on audit quality. From this description, the following hypotheses can be obtained:

H<sub>5</sub>: Family ownership affects audit quality.

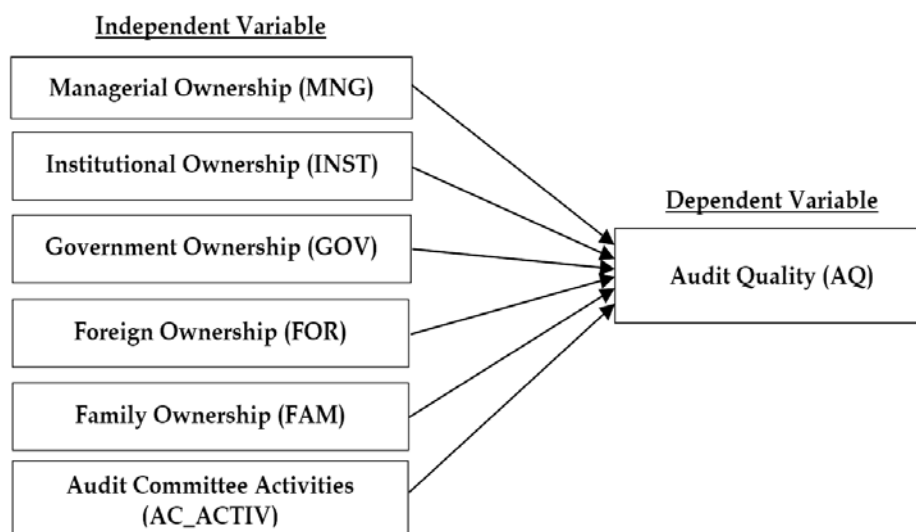
#### **Effect of Audit Committee Activities on Audit Quality**

The audit committee acts as a trustee in the governance system to reduce information asymmetry at the internal and external levels, thereby reducing agency problems (Suryanto et al., 2017). With the existence of OJK regulations regarding audit committee meetings, the intensity of the meetings is the main element of the audit committee's activities. Smith (2003) in Khudhair et al. (2019) believe that the audit committee meeting is the root of their work, so the audit committee should hold a meeting to describe their duties. The audit committee needs time to carry out its role to be carried out effectively (Wedari, 2015).

From this description, it is obtained hypothesis:

H<sub>6</sub>: Audit committee activities affect audit quality

According to hypotheses development, research framework can be seen in Figure 1.



**Figure 1**  
**Research Framework**

**RESEARCH METHOD**

This research uses a quantitative model. This research uses a literature study and documentation method. The documentation method is a data search process by looking at financial records and reports taken from the IDX or company's website. The library study method collects data obtained by reading books, articles, journals, papers, or other models from libraries and other sources.

This research population covers companies that are members of the IDX from 2015 to 2020. All companies listed on the IDX are investigated for thorough and accurate results regarding audits in all sectors listed on the IDX. The sample selection in this research used the purposive sampling method. The requirements for determining the research sample are: (1) The company was listed on the IDX in 2015-2020. (2) The company provided an annual report in 2015-2020. (3) The company that provides the data needed by researchers during 2015-2020.

**Estimation Techniques**

The procedure used in analyzing the data uses descriptive statistical analysis and logistic regression test. Logistic regression allows the analysis of dichotomous or binary results (LaValley, 2008). The dependent variable in this study uses a dichotomous

scale. Therefore, the researcher used logistic regression analysis.

This study used statistical methods assisted by the SPSS data processing program. The summary of the definition of variable operationalization can be seen in table 1.

Models to examine the impact of ownership structure and audit committee activities on audit quality, namely:

$$AQ = a + \beta_1MNG + \beta_2INST + \beta_3GOV + \beta_4FOR + \beta_5FAM + \beta_6AC\_ACTIV + e$$

- AQ = Audit Quality
- $\alpha$  = Constant
- $\beta_1 - \beta_6$  = Coefficient
- MNG = Management Ownership
- INST = Institutional Ownership
- GOV = Government Ownership
- FOR = Foreign Ownership
- FAM = Family Ownership
- AC\_ACTIVE = Audit Committee Activities
- e = Error



**Table 1**  
**Definition of Variable Operationalization**

<b>Dependent Variable</b>	
<b>Variable Name</b>	<b>Measurement Details</b>
Audit Quality (AQ)	<p>Audit quality is whether the audit has been carried out by a public accountant properly or not. Audit quality is the dependent variable studied and calculated using the earnings surprise benchmark proxy. Earnings surprise benchmark proxies have previously been used in the research by Carey and Simnett (2006) modified and adapted to conditions in Indonesia, like Wibowo and Rossieta (2009) and Aqmarina and Yendrawati (2019).</p> <p>The earnings benchmark used is between <math>\mu - \sigma</math> and <math>\mu + \sigma</math>, where <math>\mu</math> is the average earnings/average total assets of all companies and <math>\sigma</math> is the standard deviation; audit quality can be said to be poor if:</p> <p>Profit is greater than the benchmark earnings indicated by the value of <math>ROA &gt; \mu + \sigma</math>.</p> <p>Losses greater than the benchmark earnings are indicated by the value of <math>ROA &lt; \mu - \sigma</math>.</p> <p>Furthermore, audit quality will be measured with a dummy variable as a proxy; the groupings are:</p> <p>AQ = 1 if it meets the criteria <math>\mu - \sigma &lt; ROA &lt; \mu + \sigma</math> which indicates high audit quality.</p> <p>AQ = 0 if <math>ROA &gt; +</math> which indicates poor audit quality.</p>
<b>Independent Variable</b>	
<b>Variable Name</b>	<b>Measurement Details</b>
Managerial Ownership (MNG)	<p>Managerial ownership is the ownership of shares by the company's management.</p> <p>Total percentage of shares owned by managers or directors of the company. This measurement is the same as the research conducted by Hardi (2019) and (Hapsoro and Handayani, 2020)</p>
Institutional Ownership (INST)	<p>Institutional ownership is company shares owned by an institution.</p> <p>Total percentage of shares owned by institutions. This measurement is the same as the research conducted by Alhababsah (2019) and Guizani and Abdalkrim (2021).</p>
Government Ownership (GOV)	<p>Government ownership shares that belong to the government.</p> <p>Total percentage of shares owned by government. This measurement is the same as the research conducted by Alhababsah (2019) and Guizani and Abdalkrim (2021).</p>
Foreign Ownership (FOR)	<p>Foreign ownership is ownership of shares by foreign people, and organizations reign ownership as principal to request good quality audit quality from management.</p> <p>Total percentage of shares owned by foreigners. This measurement is the same as the research conducted by Alhababsah (2019) and (Gautama et al., 2017).</p>
Family Ownership (FAM)	<p>Family ownership is the shares owned by the family or the involvement of family members in the company.</p>

	Total percentage of shares owned by families. This measurement is the same as the study conducted by Guizani and Abdalkrim (2021).
Audit Committee Activities (AC_ACTIV)	The audit committee needs communication in the performance of its functions. The number of meetings held by the audit committee for a year, during 2015-2020. Measurement of audit committee activity refers to research Wedari (2015) and Boshnak (2021).

*Source: Article references*

**Table 2**  
**Sample Selection Summary**

Sample Criteria	Amount
Companies listed on the IDX in 2015-2020.	506
Companies that do not provide annual reports in 2015-2020.	(119)
Companies that did not provide the required data in 2015-2020.	(70)
Number of sample companies	317
Number of years of observation	6
Total observations	1902

*Source: Research results*

**Table 3**  
**Descriptive Statistics**

Variable	N	Min	Max	Mean	Std. Deviation
AQ	1902	0	1	0.92	0.271
MNG	1902	0.0000	0.8750	0.036504	0.1091914
INST	1902	0.0000	1.0000	0.733167	0.2607089
GOV	1902	0.0000	0.8066	0.042232	0.1553784
FOR	1902	0.0000	1.0000	0.295898	0.3177577
FAM	1902	0.0000	1.0000	0.059819	0.1552745
AC_ACTIV	1902	0	77	7.72	7.327

*Information: AQ = Audit Quality; MNG= Managerial Ownership; INST = Institutional Ownership; GOV = Government Ownership; FOR = Foreign Ownership; FAM = Family Ownership; AC\_ACTIV = Audit Committee Activities.*

*Source: Research results*

## ANALYSIS AND DISCUSSION

### Sample Selection Results

With the criteria set out in the methodology chapter, there was a population of 506 listed companies in the Indonesian Stock Exchange between 2015 and 2020 with 317 total samples. The total observations from 2015-2020 were 1902. The summary of the sample selection results can be seen in table 2.

### Descriptive Statistical Analysis

Descriptive statistics is the simplest analysis in statistics. Based on the descriptive statistical analysis table 3, it is known that all

the sample data used are 1902. The mean of managerial ownership is 0.036, which means 3.6% of the company ownership comes from the manager. Managerial ownership has a maximum value of 0.875. The maximum value of 87.5% is the value of managerial ownership in the Sat Nusapersada Tbk company in 2015-2018. Institutional ownership's mean is 0.733, meaning 73% of corporate ownership comes from institutions. Institutional ownership has a maximum value of 1.00. The maximum value of 100% is the value of institutional ownership in the Sinar Mas Multiartha Tbk company in 2016-2020

and the Bank Jtrust Indonesia Tbk in 2015-2020.

The mean of government ownership is 0.042, meaning 4.2% of company ownership comes from the government. Government ownership has a maximum value of 0.806. The maximum value of 80,6% comes from Indofarma Tbk company in 2015-2020. The mean of foreign ownership is 0.295, which means 29.5% of corporate ownership comes from foreign. Foreign ownership has a maximum value of 1.00. The maximum value of 100% comes from Bank Amar Indonesia company in 2015-2018.

Family ownership's mean is 0.598, which means 59.8% of the company ownership comes from the family. Family ownership has a maximum value of 1.00. The maximum value comes from Bank Jago Tbk in 2015.

The mean and standard deviation of the audit committee activities of 7.72 and 7.327, respectively. The audit committee activity has a maximum value of 77. The maximum value is the value of the audit committee activity at the Timah Tbk company in 2019. Audit quality has a maximum value of 1 in 1750 companies. At the same time, the minimum value of audit quality is 0, which is found in 152 companies.

**Logistics Regression Results**  
**Overall Model Fit**

In SPSS output, it produces two values of -2LogL. The two values are generated from one model consisting of constants only and one model consisting of constants plus independent variables.

**Table 4**  
**Overall Model Fit**

<b>Block number: 0</b>	1059.657
<b>Block number: 1</b>	1030.428

Source: SPSS output result

Table 4 shows that the initial -2LL value is 1059,657 and the final -2LL value is 1030.428, which means that the six additional independent variables included in the

logistic regression model reconstruct the appropriate form and display a more positive regression model. It is evident from the reduction of the initial -2LL, 1059.657, to the final -2LL, that is 1030.428.

**Coefficient of Determination (Nagelkerke's R Square)**

Nagelkerke R Square is a test to know how much the independent variable can explain and influence the dependent variable. The Nagelkerke R Square value varies from 0 (zero) to 1 (one).

**Table 5**  
**Nagelkerke's R Square**

<b>Step</b>	<b>-2 Log likelihood</b>	<b>Nagelkerke R Square</b>
1	1018.272	0.36

Source: SPSS output results

Table 5 shows that the calculation result of Nagelkerke R Square is 0.36. These results explain that the dependent variable that the independent variable can explain is 36%. In comparison, the remaining 64% is explained by variables other than the hypothesized research and represented by error.

**Testing the Feasibility of the Regression Model**

Table of the logistic regression analysis results show that the Hosmer and Lemeshow Test results obtained a Chi-Square value of 8.954 with a significance value of 0.346 (p>0.05). The null hypothesis is accepted with a value > 0.05, which means the model can be accepted because it is in accordance with the research data.

**Table 6**  
**Hosmer and Lemeshow Test**

<b>Step</b>	<b>Chi-square</b>	<b>Df</b>	<b>Sig.</b>
1	8.954	8	0.346

Source: SPSS output results

**Table 7**  
**Logistics Regression Results**

No	Variable	Coefficient	SE	Wald	df	Sig. (p-Value)
1.	MNG	-4.785	1.777	7.254	1	0.007
2.	INST	1.238	0.440	7.916	1	0.005
3.	GOV	1.226	0.991	1.810	1	0.178
4.	FOR	-0.697	0.279	6.255	1	0.012
5.	FAM	5.098	1.734	8.647	1	0.003
6.	AC_ACTIV	0.043	0.020	4.399	1	0.036
Constant		1.345	0.361	13.885	1	0.000

*Information: AQ = Audit Quality; MNG = Managerial Ownership; INST = Institutional Ownership; GOV = Government Ownership; FOR = Foreign Ownership; FAM = Family Ownership; AC\_ACTIV = Audit Committee Activities.*

*Source: SPSS output results*

Table 6 of the logistic regression analysis results show that the Hosmer and Lemeshow Test results obtained a Chi-Square value of 8.954 with a significance value of 0.346 ( $p > 0.05$ ). These results explain that the regression model is accepted because it fits with research data.

#### *Regression Coefficient*

This test reveals the extent to which independent variables affect audit quality results. The significance level ( $\alpha$ ) used is 5%. The criteria for accepting or rejecting the alternative hypothesis are determined based on the significance of the p-value. The alternative hypothesis will be rejected if the p-value is greater than  $\alpha$  and the alternative hypothesis will be accepted if the p-value is less than  $\alpha$ . The results of the logistic regression analysis using the enter method are briefly described in table 7.

#### *The Effect of Managerial Ownership on Audit Quality*

Obtained the beta coefficient of managerial ownership ( $\beta_1$ ) is -4.785, and the Wald coefficient is 7.254 with a p-value of 0.007. It turns out that the p-value ( $p$ )  $< 0.05$  and the reference is negative, which means the beta coefficient of managerial ownership is significantly negative. It means that managerial ownership negatively impacts ( $p < 0.05$ ) on audit quality.

These results indicate that the owner-

ship of shares by the company's management causes low audit quality. This finding also shows that the management role as a manager and as a company owner gives double power to the management and reduces the interests' differences between management and shareholders, but will result in low audit quality where the ROA produced by the company is greater or smaller rather than the average ROA of other companies. The results are different from the research by Hardi (2019), which shows that managerial ownership positively impacts audit quality. However, this aligns with Pratama and Syafruddin (2013) research which shows that managerial ownership has a negative impact on audit quality.

#### *The Effect of Institutional Ownership on Audit Quality*

The number of institutional ownership beta coefficients ( $\beta_2$ ) of 1.238. The Wald coefficient of 7.916 with a p-value of 0.005 ( $p < 0.05$ ) and the direction is positive, which means that the beta coefficient of institutional ownership is significantly positive. It means that institutional ownership has a significant positive effect ( $p < 0.05$ ) on audit quality.

The result shows that the institution's shares ownership impacts good audit quality. This high audit quality can be realized because of the institution's supervision and contribution. According to research by

Guizani and Abdalkrim (2021), the results of this research show that active and passive institutional ownership has a positive impact on audit quality.

#### ***The Effect of Government Ownership on Audit Quality***

The value of the beta coefficient of government ownership is obtained ( $\beta_3$ ) is 1.226, and the Wald coefficient is 1.810 with a p-value of 0.178 ( $p > 0.05$ ), which means that the beta coefficient of government ownership is not significant. Thus, government ownership does not have a significant impact on audit quality. The findings of this research show that the ownership role of the government does not contribute significantly to supervising companies.

The research finding indicates the role of ownership from the government does not contribute significantly for the company. This may be due to the lack of a role of the government ownership (principal) to evaluate. This result might be because of the small average government ownership of the companies studied.

These results are different from Alhababsah (2019) research, which found that audit quality was significantly positively related to government ownership. In contrast to the research conducted by Borisova et al. (2012), who found that government ownership is associated with poor management systems. However, this aligns with Guizani and Abdalkrim (2021) research which shows that government ownership does not have a significant impact on audit quality.

#### ***The Effect of Foreign Ownership on Audit Quality***

Obtained the value of the beta coefficient of family ownership ( $\beta_4$ ) is -0.697, and the Wald coefficient is 6.255 with p-value = 0.012 ( $p < 0.05$ ), and the direction is negative, which means the beta coefficient of foreign ownership is significantly negative. These results conclude that foreign ownership has a significant negative effect ( $p < 0.05$ ). This

research shows that the geographical distance is quite far, causing the lack of a supervisory role in foreign shares ownership.

The research finding shows that the geographical distance is far enough which cause the lack of monitoring role in the stock ownership by foreign parties. As a result, audit quality becomes less good due to the lack of control by the company, which leads to opportunities for managers to maximize their own interests. As a result, the audit quality becomes less good due to the company's lack of control.

It is different from Sumantaningrum and Kiswara (2017) research showing that foreign ownership is positively related but has no impact on audit quality. However, this aligns with Pratama and Syafruddin (2013) research which shows that foreign ownership has a negative impact on audit quality.

#### ***The Effect of Family Ownership on Audit Quality***

Obtained the value of the beta coefficient of family ownership ( $\beta_5$ ) is 5.098. The Wald coefficient is 8.647 with a p-value of 0.003 ( $p < 0.05$ ), and the direction is positive, which means the beta coefficient of family ownership is significantly positive. These results indicate that family ownership has a significant positive effect ( $p < 0.05$ ).

These findings indicate a good supervisory role by the family's shareholding to realize good audit quality. Based on the research results, family control contributes well to the holder's interests in which the manager can be under the control of shareholders to minimize agency problems. This finding differs from Guizani and Abdalkrim (2021), which shows that family ownership negatively affects audit quality through board independence. However, this aligns with Diyanty et al. (2018) research which shows that family ownership positively affects audits.

### *The Effect of Audit Committee Activities on Audit Quality*

The value of the beta coefficient of audit committee activities ( $\beta_6$ ) is 0.043. The Wald coefficient is 4.399 with a p-value of 0.036 ( $p < 0.05$ ), and the direction is positive, which means the beta coefficient of the audit committee's activities is significantly positive. These results indicate that the audit committee's activities positively impact ( $p < 0.05$ ) on audit quality.

The audit committee is an important financial component of corporate governance because the committee will assure audit quality while at the same time securing investor enthusiasm (Suryanto et al., 2017). Based on the research result, it shows the existence of meeting activities held by the audit committee to assist them in making supervisory decisions and recommendations for the company to provide good results on audit quality. This finding is in accordance with the agency theory that the audit role's committee can reduce agency conflicts and improve the quality of the resulting audit. The development aligns with Wedari (2015) research, which shows that audit committee meetings positively impact audit fees.

## CONCLUSION AND SUGGESTION

### Conclusion

The purpose of this study was to examine the effect of ownership structure and audit committee activity on audit quality. This research covers more observation scope by using all sectors in IDX for the 2015-2020 period. The population of this study consists of 506 listed companies on the Indonesian Stock Exchange between 2015 and 2020 with 317 total samples. Research data is analyzed with logistic regression analysis using SPSS statistic program. The results of this research: (1) Managerial ownership significantly affects audit quality, so the first hypothesis is accepted. This study shows a significant negative effect. These results indicate that the role of management as an agent and shareholder causes a lack of supervision, resulting in poor audit quality. (2) Institutional owner-

ship significantly affects audit quality, so the second hypothesis is accepted. This study shows a significant positive effect. These results explain that the supervisory role by institutional shareholders will support good audit quality. (3) Government ownership has no significant effect on audit quality, so the third hypothesis is rejected. These results explain that ownership role of the government does not contribute significantly to supervising companies. (4) Foreign ownership significantly affects audit quality, so the fourth hypothesis is accepted. This study shows a significant negative effect. These results explain that foreign shareholders are hampered by geographical distance in company supervision, causing a lack of control over the company; this causes the resulting audit quality to be less good. (5) Family ownership significantly affects audit quality, so the fifth hypothesis is accepted. This study shows a significant positive effect. These results explain that family shareholders provide good supervision and control on the management side to produce good quality on audit. (6) Audit committee activities significantly affects audit quality, so the sixth hypothesis is accepted. This study shows a significant positive effect. Based on the results of this study, the audit committee's meeting activities help the committee make supervisory decisions and recommendations for companies that contribute to good audit quality.

Several parties can use the results of this study. This research provides information and input to the company's shareholders to actively participate in supervising the company. For stakeholders, these results can improve supervision so that transparency and reliability in the company's financial reporting can be guaranteed (Alhababsah, 2019).

Investors in the stock exchange are also expected to get good information for their investment decisions. In addition, the organization can optimize the audit committee in carrying out its implementation, including meetings. This research is additional knowledge and can be used as reference material

or reference for research, especially in the field of accounting.

### Limitations

This study has limitations: (1) Companies do not publish annual reports and do not include the required data, so the number of samples is reduced. (2) In addition, although earnings surprise benchmark proxies are still not widely found, they are inseparable from limitations, such as not fully reflecting the quality of audits produced by Public Accountants and Public Accounting Firms. (3) On the other hand, the value of *Nagelkerke*'s *R Square* which shows the ability of the independent variable in explaining the dependent variable was only 36%. (4) This research also only focuses on Indonesia.

### Suggestions

Based on the research conducted, there are suggestions for further research: (1) Expanding the object of research, such as comparisons in other countries and the time of the study. (2) Then further research can use other proxies or several proxies to measure audit quality. (3) Further researchers can also add independent variables and control variables. (4) Audit quality can also be examined by using survey, interview, or experimental methods.

### REFERENCES

- Abdullah, R. J. A. L. and M. K. A. L. Ani. 2021. The Impacts of Interaction of Audit Litigation and Ownership Structure on Audit Quality. *Future Business Journal* 7(1): 1-14.
- Agyei-Mensah, B. K. 2019. The Effect of Audit Committee Effectiveness and Audit Quality on Corporate Voluntary Disclosure Quality. *African Journal of Economic and Management Studies* 10(1): 17-31.
- Alawaqleh, Q. A., N. A. Almasria, and J. M. Alsawalhah. 2021. The Effect of Board of Directors and CEO on Audit Quality: Evidence from Listed Manufacturing Firms in Jordan. *The Journal of Asian Finance, Economics, and Business* 8(2): 243-253.
- Alhababsah, S. 2019. Ownership Structure and Audit Quality: an Empirical Analysis Considering Ownership Types in Jordan. *Journal of International Accounting, Auditing and Taxation* 35: 71-84.
- Alhababsah, S. and S. Yekini. 2021. Audit Committee and Audit Quality: an Empirical Analysis Considering Industry Expertise, Legal Expertise and Gender Diversity. *Journal of International Accounting, Auditing and Taxation* 42: 100377.
- Al-Hajaya, K. 2019. The Impact of Audit Committee Effectiveness on Audit Quality: Evidence from the Middle East. *International Review of Management and Marketing* 9(5): 1-8.
- Al-Matari, E. M. and A. A. Al-Hebry. 2019. The Impact of Government, Foreign and Institutional Ownership and Firm Performance on Audit Quality Using Regression Analysis. *Industrial Engineering and Management Systems* 18(3): 395-406.
- Al-Musali, M. A., M. H. Qeshta, M. A. Al-Attafi, and A. M. Al-Ebel. 2019. Ownership Structure and Audit Committee Effectiveness: Evidence from Top GCC Capitalized Firms. *International Journal of Islamic and Middle Eastern Finance and Management* 12(3): 407-425.
- AlQadasi, A. and S. Abidin. 2018. The Effectiveness of Internal Corporate Governance and Audit Quality: the Role of Ownership Concentration-Malaysian Evidence. *Corporate Governance: The International Journal of Business in Society* 18(2): 233-253.
- Al-Sartawi, A. M. A. M., and Z. Sanad. 2019. Institutional Ownership and Corporate Governance: Evidence from Bahrain. *Afro-Asian Journal of Finance and Accounting* 9(1): 101-115.
- Alzeaideen, K. A. and S. Z. Al. 2018. The Effect of Ownership Structure and Corporate Debt on Audit Quality: Evidence from Jordan. *International*

- Journal of Economics and Financial Issues* 8(3): 51-58.
- Anafiah, V. A., V. Diyanty, and R. Wardhani. 2017. The Effect of Controlling Shareholders and Corporate Governance on Audit Quality. *Jurnal Akuntansi Dan Keuangan Indonesia* 14(1): 1-19.
- Aqmarina, V. and R. Yendrawati. 2019. The Factors that Influence Audit Quality by Earnings Surprise Benchmark. *Jurnal Akuntansi Dan Auditing Indonesia* 23(1): 21-29.
- Aspan, H. 2017. Good Corporate Governance Principles in the Management of Limited Liability Company. *International Journal of Law Reconstruction* 1(1): 87-100.
- Ati, M., R. W. D. Paramita, and M. Yatminiwati. 2020. Managerial Ownership, Company Size, and Audit Quality Financial Report Integrity. *Proceedings Progress Conference* 3(1): 219-224.
- Awadallah, E. 2020. Measuring the Effectiveness of Selected Corporate Governance Practices and Their Implications for Audit Quality: Evidence from Qatar. *Afro-Asian Journal of Finance and Accounting* 10(1): 24-47.
- Ayunitha, A., H. W. Sulastri, M. I. Fauzi, M. A. P. Sakti, and N. M. Nugraha. 2020. Does the Good Corporate Governance Approach Affect Agency Cost. *Solid State Technology* 63(4): 3760-3770.
- Bazrafshan, A., A. Banaiy, and V. Bazrafshan. 2021. The Beneficial Effect of Shareholder Participation in General Meetings: Evidence in the Context of Audit Quality. *Revista Brasileira de Gestão de Negócios* 23: 81-103.
- Borisova, G., P. Brockman, J. M. Salas, and A. Zagorchev. 2012. Government Ownership and Corporate Governance: Evidence from the EU. *Journal of Banking and Finance* 36(11): 2917-2934.
- Boshnak, H. A. 2021. The Impact of Audit Committee Characteristics on Audit Quality: Evidence from Saudi Arabia. *International Review of Management and Marketing* 11(4): 1-12.
- Carey, P. and R. Simnett. 2006. Audit Partner Tenure and Audit Quality. *The Accounting Review* 81(3): 653-676.
- DeAngelo, L. E. 1981. Auditor Size and Audit Quality. *Journal of Accounting and Economics* 3(3): 183-199.
- Diyanty, V., E. Fatima, and A. Syahroza. 2018. Pengaruh Kepemilikan dan Kepemimpinan Keluarga serta Efektifitas Pengawasan Dekom terhadap Kualitas Audit. *EKUITAS: Jurnal Ekonomi dan Keuangan* 2(2): 203-223.
- Fachrizza, Z. S. and A. W. Mardijuwono. 2020. Corporate Governance, Ownership Concentration and Audit Quality. *Cuadernos de Economía* 43(123): 449-455.
- Fadillah, A. R. 2017. Analisis Pengaruh Dewan Komisaris Independen, Kepemilikan Manajerial dan Kepemilikan Instiusional terhadap Kinerja Perusahaan yang Terdaftar di LQ45. *Jurnal Akuntansi* 12(1): 37-52.
- Fahdi, M. 2018. Pengaruh Independensi dan Kompetensi terhadap Kualitas Audit. *VALUTA* 4(2): 86-95.
- Gautama, E., F. E. Daromes, and S. Ng. 2017. Peran Moderasi Kompetensi Komite Audit pada Hubungan antara Struktur Kepemilikan dan Kualitas Pelaporan Keuangan. *Jurnal Akuntansi* 11(1): 68-98.
- Govindarajan, V. and R. N. Anthony. 2012. *Manajemen Control System, Buku 2 (11th ed)*. Translated by: FX Kurniawan Tjakawala. Penerbit Salemba Empat. Jakarta.
- Guizani, M. and G. Abdalkrim. 2021. Ownership Structure and Audit Quality: the Mediating Effect of Board Independence. *Corporate Governance: The International Journal of Business in Society* 21(5): 754-774.
- Hapsoro, D., and N. Handayani. 2020. Does Managerial Ownership, Audit Committee, and Audit Quality Moderate the Effect of Fraudulent Financial Reporting on Company Value? *International Journal of Scientific and Technology Research* 9(4): 1037-1044.
- Hardi, T. 2019. Analisis Pengaruh Ownership Structure terhadap Kualitas Audit



- (Studi Empiris pada Perusahaan yang Terdaftar di BEI Tahun 2013-2017). *Skripsi*. Universitas Islam Indonesia. Yogyakarta.
- Haryono, S. A., F. Fitriany, and E. Fatima. 2017. Pengaruh Struktur Modal dan Struktur Kepemilikan terhadap Nilai Perusahaan. *Jurnal Akuntansi dan Keuangan Indonesia* 14(2): 119-141.
- He, X., J. A. Pittman, O. M. Rui, and D. Wu. 2017. Do Social Ties between External Auditors and Audit Committee Members Affect Audit Quality? *The Accounting Review* 92(5): 61-87.
- Homayoon, S. and M. Hakimzadeh. 2017. Audit Fee and Audit Quality: an Empirical Analysis in Family Firms. *International Journal of Economics and Financial Issues* 7(2): 469-476.
- Hutapea, B. 2018. Studi atas Ukuran Dewan Komisaris Independen dan Ukuran Komite Audit Independen Terhadap Kualitas Audit. *Jurnal Ekonomis* 11(2): 67-82.
- Indonesia, R. 2007. Undang-Undang No. 25 Tahun 2007 tentang *Penanaman Modal*, Lembaran Negara RI Tahun 2007, No. 4724. Sekretariat Negara. Jakarta.
- Indonesia, R. 2015. Peraturan Otoritas Jasa Keuangan No. 55/POJK. 04/2015. Tentang *Pembentukan dan Pedoman Pelaksanaan Kerja Komite Audit*. OJK. Jakarta.
- Irawati, N., A. Maksum, I. Sadalia, and I. Muda. 2019. Financial Performance of Indonesian's Banking Industry: the Role of Good Corporate Governance, Capital Adequacy Ratio, Non-Performing Loan and Size. *International Journal of Scientific and Technology Research* 8(4): 22-26.
- Jiraporn, P. and K. Nimmanunta. 2018. Estimating the Effect of Board Independence on Managerial Ownership using a Quasi-Natural Experiment. *Applied Economics Letters* 25(17): 1237-1243.
- Jodjana, J. J., S. Nathaniel, R. Rinaningsih, and T. Pranoto. 2021. The Effect of Board and Ownership Structure on the Possibility of Financial Distress. *Journal of Accounting and Investment* 22(3): 602-624.
- Kartika, T. P. D. 2021. The Role of Family Business in Selecting Audit Quality. *IJEBD International Journal of Entrepreneurship and Business Development* 4(2): 223-233.
- Khudhair, D., F. Al-Zubaidi, and A. Raji. 2019. The Effect of Board Characteristics and Audit Committee Characteristics on Audit Quality. *Management Science Letters* 9(2): 271-282.
- LaValley, M. P. 2008. Logistic Regression. *Circulation* 117(18): 2395-2399.
- Lee, S. C., M. Rhee, and J. Yoon. 2018. Foreign Monitoring and Audit Quality: Evidence from Korea. *Sustainability* 10(9): 3151.
- Martin, R. D. 2013. Audit Quality Indicators: Audit Practice Meets Audit Research. *Current Issues in Auditing* 7(2): A17-A23.
- Mustafa, A. S. and A. B. Che-Ahmad. 2018. Ownership Structure and Audit Quality. *Academy of Accounting and Financial Studies Journal* 22(5): 1-5.
- Mustapha, U. A., N. N. M. Rashid, S. A. Lateef, and A. Bala. 2019. The Effect of Corporate Governance Attributes on Audit Quality in Nigeria. *International Journal of Recent Technology and Engineering (IJRTE)* 8(4): 4882-4886.
- Peraturan Menteri, B. 2011. Nomor PER-01/MBU/2011 tanggal 1 Agustus 2011 tentang *Penerapan Tata Kelola Perusahaan Yang Baik (Good Corporate Governance) Pada Badan Usaha Milik Negara*.
- Pham, N. K., H. N. Duong, T. Q. Pham, and N. T. T. Ho. 2017. Audit Firm Size, Audit Fee, Audit Reputation and Audit Quality: the Case of Listed Companies in Vietnam. *Asian Journal of Finance and Accounting* 9(1): 429-447.
- Pratama, B. and M. Syafruddin. 2013. Pengaruh Struktur Kepemilikan Perusahaan Terhadap Kualitas Audit. *Diponegoro Journal of Accounting* 571-583.
- Pronobis, P. and J. Schaeuble. 2020. Foreign Ownership and Audit Fees in European Listed Firms. *European Accounting Review* 31(3): 575-602.

- Sandria, F. 2021. Deretan Skandal Lapkeu di Pasar Saham RI, Indofarma-Hanson! CNBC Indonesia. <https://www.cnbcindonesia.com/market/20210726191301-17-263827/deretan-skandal-lapkeu-di-pasar-saham-ri-indofarma-hanson>.  
Diakses Tanggal 3 September 2021.
- Septianawati, D. T. and N. Wening. 2021. Pengaruh Pengendalian Pemegang Saham dan Tata Kelola Perusahaan terhadap Kualitas Audit Perusahaan yang Terdaftar di Bursa Efek Indonesia. *Jurnal Apresiasi Ekonomi* 9(1): 121-131.
- Shiri, M. M., M. Salehi, F. Abbasi, and S. Farhangdoust. 2018. Family Ownership and Financial Reporting Quality: Iranian Evidence. *Journal of Family Business Management* 8(3): 339-356.
- Soliman, M. M. and M. Abd Elsalam. 2012. Corporate Governance Practices and Audit Quality: an Empirical Study of the Listed Companies in Egypt. *International Journal of Economics and Management Engineering* 6(11): 3101-3106.
- Sudarmanto, E., E. Susanti, E. Revida, M. F. A. R. Pelu, S. Purba, A. Astuti, B. Purba, M. Silalahi, M. Anggusti, and P. D. Sipayung. 2021. *Good Corporate Governance (GCG)*. Yayasan Kita Menulis. Medan.
- Sultana, N., H. Singh, and A. Rahman. 2019. Experience of Audit Committee Members and Audit Quality. *European Accounting Review* 28(5): 947-975.
- Sumantaningrum, Y. L. and E. Kiswara. 2017. Pengaruh Struktur Kepemilikan terhadap Kualitas Audit dengan Variabel Moderasi Imbalan Audit. *Diponegoro Journal of Accounting* 6(3): 111-123.
- Suryanto, T., J. E. Thalassinis, and E. I. Thalassinis. 2017. Board Characteristics, Audit Committee and Audit Quality: the Case of Indonesia. *International Journal of Economics and Business Administration* V(3): 44-57.
- Tai, V. W., Y.-H. Lai, and T.-H. Yang. 2020. The Role of the Board and the Audit Committee in Corporate Risk Management. *The North American Journal of Economics and Finance* 54: 100879.
- Utami, H. T. and V. Diyanty. 2015. Pengaruh Entrenchment Effect terhadap Kualitas Audit dan Peran Efektivitas Komite Audit. *Jurnal Akuntansi dan Auditing Indonesia* 19(2): 137-152.
- Wedari, L. K. 2015. Aktivitas Komite Audit, Kepemilikan Institusional dan Biaya Audit. *Jurnal Akuntansi dan Keuangan* 17(1): 28-40.
- Wibowo, A. and H. Rossieta. 2009. Faktor-Faktor Determinasi Kualitas Audit–Suatu Studi dengan Pendekatan Earnings Surprise Benchmark. *Simposium Nasional Akuntansi* 12: 1-34.
- Widani, N. A. and Y. Bernawati. 2020. Effectiveness of Corporate Governance and Audit Quality: the Role of Ownership Concentration as Moderation. *Jurnal Etikonomi* 19(1): 131-140.