Cuadernos de Economía (2020) 43, 449-455

Cuadernos de economía

www.cude.es

ARTÍCULO

Corporate Governance, Ownership Concentration and Audit Quality

Zein Septa Fachriza, Agus Widodo Mardijuwono[a]

[a] *Universitas Airlangga. Indonesia*

Jel Codes:
G34
Keywords: Corporate Governance, Audit Quality, Ownership Concentration.

Abstract: This study aims to analyse the relationship between corporate governance and audit quality with ownership concentration as a moderating variable in manufacturing companies. The study's sample population comprised of manufacturing companies listed on the Indonesia Stock Exchange between 2016 and 2018. The study utilised secondary data extracted from the annual financial statements of the listed companies containing information about share ownership, auditor details, and corporate governance. The purposive sampling technique was applied with several criteria to determine the final sample of 289 listed companies. IBM's Statistical Package for the Social Sciences (SPSS) v.20 was utilised for the data analysis, and logistic regression was used to test the hypotheses. The results showed that the independent commissioner had a significant negative influence on the audit quality, and the existence of the audit committee was not related to audit quality. However, ownership concentration was found to moderate the relationship between independent commissioners on the board and audit quality. This study presents the following implications for the management of companies where independent commissioners should be engaged to ensure that internal corporate governance is upheld and that the board does not necessarily need to engage with Big4 audit and accounting firms.

Corresponding aurther: *agus-w-m@feb.unair.ac.id*
https://doi.org/10.32826/cude.v4i123.408

1. Introduction

Corporations act as the new economic lever for growth and development for nations. In developing countries, the efficient operations of the corporation can bring about economic prosperity (Zureigat, 2011). Corporate governance offers guidelines for the smooth and effective functioning of corporations (Naimah & Mukti, 2019). Moreover, corporate governance is important to support economic recovery and stable economic growth for Indonesia and other Asian countries that have experienced economic turmoil, especially following the Asian financial crisis in mid-1997 (Zhang, Zhang, and Zhao, 2001). Research on corporate governance has been growing with studies undertaken by scholars such as Ali, Yang, Sarwar, and Ali (2019); Syahri, Ginting, and Absah (2019); Harymawan, (2018), and Prabowo, Iswaningtyas, Syofyan, Idris, Mulazid, Habbe (2017). However, in the context of Indonesia, and other regions worldwide, weak implementation of corporate governance has been a major cause of corporate mismanagement and economic crisis (Baird, 2000; Irawati, Maksum, Sadalia & Muda, 2019; Tallapragada & Hallman, 2018; Miljenic, 2018; Freire Seoane et al., 2019; Peng & Chen, 2019; Demirci et al., 2019; Muposhi, 2019). In fact, in most sectors of the economy, poor implementation of corporate governance exists in companies owned by the government and those companies owned by the private sector (Hajar, Alam & Nohong, 2020). The poor implementation of corporate governance causes mistrust among investors on the management of corporations, as they consider their investment to be at risk (Cadbury, 2000). The lack of investor trust often leads to investors' withdrawing their interest in the company, and their reluctance to invest.

Notwithstanding, various cases have indicated that the quality of audits undertaken by Public Accounting Firms remains quite low. DeAngelo (1981) defined audit quality as the possibility (joint probability) where an auditor will find and report violations in the clients' accounting system. However, the phenomenon of decreasing audit quality has continued to surface in recent years (Harymawan, Putra, Ekasari & Sucahyati, 2020; Meyer & Habanabakize, 2019; Moolan & Jacobs, 2019; Paadi et al., 2019; Garcia-Santos et al., 2019; Province, 2019). In some cases, the auditors are not able to detect fraud in the financial statements, or the auditors may detect fraud but are undisclosed given the cooperation and relationship between the auditor and management; this issue is in line with the agency theory by Jensen and Meckling (1976). A shareholder fundamentally wishes to increase prosperity or wealth.

However, the agent as the party who is authorised to manage the company tends to do carry out actions that that instead maximises his/her interests and sacrifices the interests of shareholders, leading to agency problems. The difference in each party's interests to increase their own benefits will inevitably force management to involve the auditors in detecting corrupt management practices (Irawati et al., 2019). The principal, in this case, will assess the agent's performance based on his/her ability to increase company profits, and the auditor's involvement in supporting the management of the company may, in fact, worsen the situation (DeAngelo, 1981). Auditors support and follow management's requests that may lead to poor audit quality.

This situation requires companies to improve their corporate governance in order to detect and correct inappropriate actions and practices associated with corporate management. Corporate governance can be described as the effort made by the government to limit bad management practices (Sari, Lubis, Maksum, Lumbanraja & Muda, 2018). Cadbury (2000) stated that corporate governance is a set of rules governing the relationship between shareholders, company managers, creditors, government, and other internal and external stakeholders concerning their rights and obligations, or in other words, a system that directs and controls the business affairs of the company. Implementing corporate governance practices also help to improve stakeholder confidence regarding the company's performance and in conducting business as postulated by the corporate governance rules and regulations, leading to an increase in shareholder value and dividends (AlQadasi & Abidin, 2018).

Accordingly, this study aims to examine the relationship between corporate governance and audit quality within listed companies, in which the concentration of ownership acts as a moderating variable between corporate governance and audit quality. The findings of the study will show that the independent commissioner negatively correlates with audit quality, while the audit committee has no significant relationship with audit quality. The study further implies that corporate governance practices are related to the audit quality in the context of the Indonesian listed companies examined in this study. Furthermore, ownership concentration significantly moderates the relationship between the independent commissioner as corporate governance and audit quality.

2. Literature Review

According to Jensen and Meckling (1976), an agency relationship is a contract that states that the shareholder (principal) requests management (the agent) to perform certain services for the benefit of the principal by delegating authority to the agent. Principals or company owners tend to hand over the management of the company to management, whereas a shareholder basically wants to increase prosperity or wealth. However, the agent as the party who is authorised to manage the company tends to act or undertake actions to maximise his/her own interests to gain maximum benefit and at the expense of shareholders' interests (Cadbury, 2000). This kind of management attitude leads to agency conflicts, and as a resolution, companies are forced to implement sound corporate governance practices (Ali et al., 2019; Freire et al., 2019; Peng et al., 2019; Demirci et al., 2019; Muposhi, 2019; Meyer & Habanabakize, 2019; Moolman & Jacobs, 2019; Paadi et al., 2019; Cifci & Dikmenli, 2019; Garcia et al., 2019; milienic, 2018;).

2.1. Audit quality

Audit quality embraces the vital ingredients in the audit process that describes the rigorous and quality control procedures and measures as prescribed under the law, and regulation for the establishment and presentation of financial statements of stock exchange-listed companies (AlQasasi & Abidin, 2018). Board independence plays a significant role in increasing the effectiveness of corporate governance (Carcello, Hermanson, Neal & Riley, 2002). The existence of independent commissioners' act as a strategy to ensure that the board maintains its independence (Harymawan et al., 2020). An independent commissioner presents to the general public, and not on behalf of the majority shareholders, is not an employee or who is indirectly in contact with majority shareholders (Dzikrullah et al., 2020). When the effectiveness of corporate governance has been functioning well and complies with relevant standards, it leads to achieving the company's goals and objectives. This allows the risk of fraud to be minimised within the company and the audit risk associated with independent auditors to be reduced (Harymawan, 2018). In addition, during the time of 2000 to date, there is a significant growth in the field of audit profession in terms of regulation. However, Knechel, (2016) believes that some stakeholders have still their concern regarding the lower quality of audit. He also claimed that audit quality can be reflected through two major attributes which are entitled as independence and competence in terms of expertise. Besides, his research findings have reasonably addressed the association between the quality of audit and regulation dynamics as well. Another notion as shared by (Alzoubi & Taxation, 2018) reflect that there is a significant association between the audit quality, earning management, and debt financing as well. Their study has reflected several measures of audit quality like size of the audit firm, tenure of the audit, specialization and finally the factor of independence. Besides, they also claim that audit quality plays a significant role in managing the earnings of the business. AlQadasi and Abidin (2018) have examined the linkage between the audit quality, corporate governance, and ownership concentration among the manufacturing firms of Malaysia. Data was collected from listed firms of Malaysia during the time of 2009 to 2012. The study findings through regression technique reflects that significant association exists between the governance dynamic and audit quality of selected firms.

Hypothesis (H1): The existence of an Independent Commissioner affects the audit quality of the manufacturing companies listed in the Indonesia Stock Exchange.

2.2. Audit Committee

The effectiveness of corporate governance improves transparency in the companies' affairs and offers sufficient, accurate, and timely information to the general public (Ali et al., 2019). Similarly, accountability enables reporting about the functions, structures, systems, and internal evaluation mechanism to the company's affairs (Dzikrullah, Harymawan & Ratri, 2020). The proper implementation of internal accountability mechanisms helps to transform the operations of the business for management and board members since they become more accountable with the enactment of ethical guidelines (Sari et al., 2018). Moreover, the affairs of the board became increasingly transparent and available to the general public.

Establishing an audit committee's role helps to introduce accountability and transparency within an organisation (Syahri et al., 2019). An audit committee is the board of the company's functional committee established to overseas the financial reporting and disclosures of listed companies (Naimah & Mukti, 2019). The audit committee ensures internal financial reporting and audit standard compliance with the country's existing rules and regulations. The audit committee, reporting directly to the board, improves the company's internal affairs and helps the company to establish sound internal control measures and controls (Zureigat, 2011). Moreover, the effective functioning of the audit committee helps increase investor confidence and reduce the investors' expected agency costs (Naimah & Mukti, 2019). The size of the audit committee signifies the specialist individuals that make up the audit committee members and enhance the audit committee's monitoring role (Larasati, Ratri, Naish & Harymawan, 2019).

In addition, various studies have examined the linkage between the audit quality and audit committee. For instance, Ghafran and O'Sullivan (2017) claim that governance regulators have put significant attention towards the audit committees. They have analzyed the impact of audit committee expertise on the measure of audit quality. Their analysis have confirmed the fact that those audit committee which posses greater level of financial expertise are linked with the higher audit fees. However, their study has also provided a good understanding regarding the potential value of audit committee expertise in smaller and larger firms as well. another study as conducted by Suryanto, Thalassinos, and Thalassinos (2017) have explored the title of audit committee, audit quality, and board characteristic in the region of Indonesia. The study findings reveal that audit committee and audit quality are complementary to each other. (Hasan, Kassim, & Hamid, 2020) believes that among various other factors, audit committee is reasonably linked with the audit quality and their linkage is quite significant to determine the level of earning management among the Malaysian firms as well. Therefore, from the discussion above, the following hypothesis is proposed:

Hypothesis (H2): The existence of an audit committee affects the audit quality of the manufacturing companies listed in the Indonesia Stock Exchange.

2.3. Ownership concentration

In performing its operational activities, the company is not only controlled by management, but there is also significant input and interference from the owner(s) to regulate the company's operational activities (Zhang et al., 2001). The agency theory deals with the principal-agent problem in separating ownership and control of a company (Hajar et al., 2020). Similarly, ownership structure plays an important role in the effectiveness of corporate governance, where concentrated ownership can mitigate or exacerbate agency problems that affect governance (Carcello et al., 2002). Ownership concentration signifies the company's internal governance structure in which management significantly influences company affairs to gain personal benefits at the stake of investors (Zhang et al., 2001). However, the company's concentrated ownership structure often creates agency conflicts between majority and minority shareholders (Cadbury, 2000). AlQadasi and Abidin, (2018) have conducted their research study while motivated through competing view about the impact of ownership concentration on the relationship between the high quality audit and good internal governance mechanism. The study findings believe that those companies which have higher level of ownership concentration are less likely to demand for the extensive auditing practices. Their study has also provided some meaningful implications specifically for the policy makers and other stakeholders specifically for the emerging economies. Bozec and Dia (2017) investigate the association between board independence and audit fee with the presence of ownership structure of the firm through panel data regression models over the period 2002-2008 while incorporating interactive moderating analysis and sub-group analysis. It is observed that there is a significant and positive relationship between the audit fee and board independence when the ownership is concentrated in the hand of dominant shareholders. Results support a one-size-fits-all approach to governance despite growing concerns from academics and interest groups about the appropriateness of pursuing such strategy when ownership is concentrated in the hands of a dominant/controlling shareholder.

Majority shareholders in the company play a monitoring role by increasing the value of the company (Prabowo et al., 2017). However, when ownership concentration becomes overwhelming or in dispute, agency conflicts occur between both majority and minority shareholders (Hajar et al., 2020). Majority shareholders tend to increase their own prosperity by undertaking acts of entrenchment or expropriation, enjoying private benefits from the extent of control they have acquired which harms minority shareholders (Cadbury, 2000). Therefore, a control mechanism is needed to minimise agency conflicts between the majority shareholders of the company in order to positively impact company value (AlQadasi & Abidin, 2018). The independent commissioner's role becomes vital to check the board members' wrongdoings or anomalies (Harmawan et al., 2020).

Therefore, the following hypothesis is proposed:

Hypothesis (H3): Ownership concentration moderates the influence of independent commissioners and the audit quality of the manufacturing companies listed in the Indonesia Stock Exchange.

The effectiveness of corporate governance helps to reduce the incidence of agency conflicts and disputes arising from differences in interests between majority shareholders and minority shareholders (Cadbury, 2000). With the reduction of agency conflicts, the company's financial statements are expected to be void and free from any party intervention or misrepresentation (Parbowo et al., 2017). Moreover, it empowers the audit process to demonstrate better quality as the auditor is independent and free from the board members' influence. The independent and empowered audit committee helps to nurture the audit quality in providing a fair representation of the company's financial affairs (Zureigat, 2011). Therefore, the following hypothesis is proposed:

Hypothesis (H4): Ownership concentration does not moderate the audit committee's influence and audit quality of the manufacturing companies listed in the Indonesia Stock Exchange.

3. Research Design

3.1. Sample and Data Source

Secondary data of annual reports are used in this study to determine the characteristics of company executives and determine the existence of independent commissioners, audit committees, and audit quality of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period between 2016 and 2018. The collected data were analysed using the IBM Statistical Package for the Social Sciences (SPSS) software programme. This research is an empirical study in the form of hypothesis testing. The study's population for the study are manufacturing companies listed on the Indonesia Stock Exchange for the period between 2016 and 2018. The purposive sampling technique was used for the study, in which a total of 289 samples were collected and utilised.

3.2. Research Methods

The title of logistic regression works like the linear regression, however, in a binomial response variables. Meanwhile, one of the key advantage to apply the logistic regression is that it is meaningful for the continuous explanatory variables and it is quite meaningful to handle two explanatory variables at the same point of time. This would justify the argument that the former characteristic is essential when the researchers are interested in examining the impact of various explanatory variables on the outcome variable as well. Furthermore, a logistic regression will help to model the chance of an outcome which is based on the individual characteristics.

To apply the logistic regression, first step helps to develop logistic regression model which is based on all the explanatory variables of the study. Such kind of model where all the study variables are included would be known as full model or saturated model as based on some good sample size.

As stated earlier, the title of logistic regression is primarily dealing with the regression technique where the outcome variable is binary or dichotomous and the independent variables can be in the form of continuous or categorical or both. Furthermore, multinomial logistic regression exists to handle the case of dependents with more classes. Such condition refers to as the multivariate case where the logit of multivariate logistic regression model can be expressed with the help of following equation.

$$\mu_{y/x} = \frac{e\,(\beta 1\beta 0+\beta 1+\beta 2X2+\cdots .\beta nXm)}{1+e(\beta 1\beta 0+\beta 1+\beta 2X2+\cdots .\beta nXm)} \qquad \text{(Eq. 1)}$$

after making the transformation in the above equation, the next equation for the logit transformation will be as follows:

$$\mu_p = \log = \mu_{y|x/}\ 1\text{-}\mu_{y|x} \qquad \text{(Eq. 2)}$$

Finally, we have achieved the following regression equation 3

$$\log(\pi/1 - \pi) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \ldots \beta_m x_m \qquad \text{(Eq. 3)}$$

whereas the title of π indicates a title of an event through probability, β_i shows the regression coefficients which are linked with the reference group and with the explanatory variables of the study denoted through x_i. Furthermore, the reference group as represented by β_0 shows those individuals which are presenting the reference level based on each of the study variable; $x_{1\ldots.m.}$

3.3. *Data Definition and Variable Measurement*

The independent variables in this study included the audit committees and independent commissioners, while corporate governance was proxied using independent commissioners and audit committees. Independent commissioners were measured using the proportion of independent commissioners to total commissioners established in the corporations. Audit committee presence was measured using the number of audit committee members (Irawati, Maksum, Sadalia, Muda, 2019). The dependent variable for the study was audit quality, with ownership concentration as a moderating variable. Audit quality was proxied using the term 'Big4', which was measured using a dummy variable with a value of 1 (one) if Big4 accounting firms audit the company, and 0 (Zero) if the company is not audited by Big4 accounting firms (Dzikrullah, Harymawan, and Ratri, 2020).

$$BIG4 = \beta 0 + \beta 1\ INDCOMM + \beta 2\ AUDCOM + \varepsilon it \qquad \text{(Eq. 4)}$$

$$BIG4 = \beta 0 + \beta 1\ INDCOMM{*}OWNERSHIP + \beta 2\ AUDCOM{*}OWNERSHIP + \beta 3\ INDCOMM + \beta 2\ AUDCOM + \beta 2\ OWNERSHIP + \varepsilon it \qquad \text{(Eq. 5)}$$

Where;

BIG4 = Proxy measures for audit quality

INDCOMM = Independent commissioner,

AUDCOM = Audit committee,

OWNERSHIP = Ownership concentration.

4. Results and Discussion

4.1. Descriptive Statistics

The descriptive statistics in this study are reported in Table 1 below. The results show that the audit quality for the sample of 289 listed manufacturing companies has a mean value of 0.420 with the Standard (Std.) Deviation of 0.494. More than half of the firms do not use Big4 audit and accounting firms. The majority of the listed companies have independent commissioners, reporting a mean of 0.56 with the Std. Deviation of 0.198. The audit committee prevails in the majority of companies, reporting the mean value of 3.04 with the Std. Deviation of 0.31. Lastly, the ownership concentration for the sample companies shows that majority ownership has control over the companies' management with the mean value of 0.57 and Std. Deviation of 0.20.

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BIG4	289	0.00	1.00	0.4200	0.49400
INDCOMM	289	0.25	1.00	0.5649	0.19481
AUDITCOM	289	2.00	5.00	3.0400	0.31400
OWNERSHIP	289	0.18	0.98	0.5743	0.20312

Note: BIG4 = Proxy measure for audit quality, INDCOMM = Independent commissioner, AUDCOM = Audit committee, OWNERSHIP = Ownership concentration

4.2. Results of the Logistic Regression Analysis Test

The logistic regression coefficient value for the Independent Commissioner variable, as shown in Table 2, is -1.916. This means that if the other independent variables are constant, and if the company is improving in its supervisory capacity, then the possibility of the company to utilise Big4 KAP becomes lower. It also shows the lower quality of audit quality for the publicly listed companies. The logistic regression coefficient value for the Audit Committee variable is 0.366. This means that if the other independent variables increase costs, along with more established audit committees in place, the higher the probability of the company to use a Big4 public accounting firm. Though regarding higher audit quality, the results are insignificant.

Table 2: The Results of the Logistic Regression Coefficient - Model 1

	Coefficient	Standard Error	t-value	Sig.
Constant	-0.376	1.235	0.093	0.761
INDCOMM	-1.916	0.678	7.991	0.005
AUDITCOM	0.366	0.386	0.901	0.342

Note: INDCOMM = Independent commissioner, AUDCOM = Audit committee

Table 3 below shows that if the company has a higher proportion of independent commissioners, the company will likely use Big4 public accounting firms, showing a lower coefficient value of -6.645. The logistic regression coefficient value of the audit committee variable shows a positive but insignificant relationship. Furthermore, ownership is positively related to audit quality but is not significant.

Table 3: Results of the Logistic Regression Coefficient-Model 2

	Coefficient	Standard Error	t-value	Sig.
Constant	-0.920	5.215	0.031	0.860
INDCOMM*OWNERSHIP	7.409	3.728	3.949	0.047
AUDITCOM*OWNERSHIP	-1.271	2.726	0.217	0.641
INDCOMM	-6.645	2.503	7.046	0.008
AUDITCOM	1.126	1.634	0.475	0.491
OWNERSHIP	1.176	8.684	0.018	0.892

Note: INDCOMM = Independent commissioner, AUDCOM = Audit committee, OWNERSHIP = Ownership concentration

The logistic regression coefficient value of the interaction variable of independent commissioners and ownership concentration shows, the higher the proportion and majority share ownership by stockholders, the higher the probability of companies utilising Big4 public accounting firms. Finally, the logistic regression coefficient value of the audit committee and ownership shows that if the company has more audit committee members and ownership structure, then the possibility of companies using Big4 public accounting firms is lower, though is insignificant.

Based on the results of this study, it can be seen that the independent commissioner has a significant negative relationship with audit quality. This suggests that the independent commissioners in supervising the audit process within the company are improving and becoming better regulated. Therefore, the company does not need to engage with Big4 public accounting firms to undertake the audit process. In other words, the results of this study are in line with the findings reported by Zureigat (2011). The results signify that the independent commissioner plays a significant role in improving internal corporate governance and that the audit from Big4 firms does not look promising.

Furthermore, ownership concentration moderates the relationship between the independent commissioner and audit quality. These results indicate that independent commissioners and audit quality, along with high ownership concentration, will lead to increased supervision of the company's audit process. Accordingly, these results are in accordance with the research findings of AlQadasi and Abidin (2018).

5. Conclusion

The intention of this study was to analyse the relationship between corporate governance and audit quality with ownership concentration as a moderating variable. Based on the results of the research and analysis discussed in the previous chapter, it shows that the independent commissioner has a negative relationship with audit quality, while the audit committee has no significant relationship with audit quality. Further, the presence of an audit committee does not necessarily ensure the quality of the audit process. Therefore, it is important to introduce and adopt other corporate governance strategies to improve investor confidence in the affairs of the companies (AlQdasi & Abidin, 2018). It was also shown that ownership concentration moderates the relationship between the independent commissioner and audit quality. Though the role of the independent commissioner must enhance the management of the listed companies since it will improve the audit quality of the listed companies (Dzikrullah et al., 2020).

There are several limitations inherent in this study. One limitation concerns the corporate governance proxies used in this study, the independent commissioner and audit committee, and secondly, the research only focuses on manufacturing companies. Thirdly, present study has collected the data from limited number of selected firms where a bigger size of sample is yet to observe in the upcoming studies. Fourthly, this study is missing with the application of some robust analysis which may cross verify the main findings in any research. Fifthly, present study has only focused on one regional stock market while other regional economies are entirely missing. based on the above limitations, it is highly recommended that future studies need to incorporate all these limitations for more evidence to the policy makers and other industry experts as well.

References

AlQadasi, A., & Abidin, S. (2018). The effectiveness of internal corporate governance and audit quality: the role of ownership concentration–Malaysian evidence. *The International Journal of Business in Society*, 18(2), 233-253. https://doi:10.1108/CG-02-2017-0043

Alzoubi, E. S. S., & Taxation. (2018). Audit quality, debt financing, and earnings management: Evidence from Jordan. Journal of International Accounting, Auditing, 30, 69-84. https://doi:10.1016/j.intaccaudtax.2017.12.001

Ali, S.T., Yang, Z., Sarwar, Z. & Ali, F. (2019). The impact of corporate governance on the cost of equity: Evidence from cement sector of Pakistan. *Asian Journal of Accounting Research*, 4(2), 293-314. https://doi.org/10.1108/AJAR-08-2019-0062

AlQadasi, A. & Abidin, S. (2018). The effectiveness of internal corporate governance and audit quality: the role of ownership concentration – Malaysian evidence. *Corporate Governance*, 18(2), 233-253. https://doi.org/10.1108/CG-02-2017-0043

Bozec, R., & Dia, M. (2017). Monitoring function of the board and audit fees: contingent upon ownership concentration. *International Journal of Accounting Information Management*. https://doi:10.1108/IJAIM-05-2016-0054

Cadbury, S. A. (2000). The corporate governance agenda. *Corporate Governance: An International Review*, 8(1), 7-15. https://doi.org/10.1111/1467-8683.00175

Carcello, J. V., Hermanson, D. R., Neal, T. R., & Riley Jr. R. A. (2002). Board characteristics and audit fees. *Contemporary Accounting Research*, 19(3), 365-384. https://doi.org/10.1506/CHWK-GMQ0-MLKE-K03V

Dzikrullah, A. D., Harymawan, I., and Ratri, M. C. (2020). Internal audit functions and audit outcomes: Evidence from Indonesia. *Cogent Business and Management*, 7(1). https://doi:10.1080/23311975.2020.1750331

Baird, A. J. (2000). Port privatization: objectives, extent, process, and the UK experience. *International Journal of Maritime Economics*, 2(3), 177-194. https://doi:10.1057/ijme.2000.16

Cifci, T., & Dikmenli, Y. (2019). Why Geography Learning: Candidate Teachers' Views for Geography. Review of International Geographical Education Online, 9(3), 557-576.

Demirci, I., Eksi, H., & Eksi, F. (2019). Narcissism, Life Satisfaction, and Harmony: The Mediating Role of Self-Esteem and Self-Compassion. Eurasian Journal of Educational Research, 84, 159-176.

DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics* 3(3), 183-199. https://doi.org/10.1016/0165-4101(81)90002-1

García-Santos, D., García-Rubio, J., Reina, M., Pino-Ortega, J., Vaquera, A., & Ibáñez, S. J. (2019). Accelerometry Profile of Basketball Referees during U´ 16 Euroasket Women. Revista de Psicologia del Deporte, 28(3), 53-64.

Ghafran, C., & O'Sullivan, N. (2017). The impact of audit committee expertise on audit quality: Evidence from UK audit fees. *The British Accounting Review*, 49(6), 578-593. https://doi:10.1016/j.bar.2017.09.008

Hasan, S., Kassim, A. A. M., & Hamid, M. A. A. (2020). The Impact of Audit Quality, Audit Committee and Financial Reporting Quality: Evidence from Malaysia. *International Journal of Economics Financial Issues*, 10(5), 272-281. https://doi:10.32479/ijefi.10136

Hair, J. (2003). *Essentials of business research methods*. Hoboken, N.J.; Great Britain. Wiley

Hajar, Alam, S., & Nohong, M. (2020). Effect of ownership structure on financial decisions in the manufacturing sector on the Indonesian stock exchange. International Journal of Scientific and Technology Research, 9(2), 2322-2324.

Harymawan, I. (2018). Why do firms appoint former military personnel as directors? Evidence of loan interest rate in militarily connected firms in Indonesia. *Asian Review of Accounting*, 26(1), 2-18. https://doi.org/10.1108/ARA-07-2016-0086

Freire Seoane, M. J., Pais Montes, C., & González Laxe, F. (2019). Estrategias del marketing portuario: El caso español. Cuadernos de Economía.

Harymawan, I., Putra, F. K. G., Ekasari, W. F., & Sucahyati, D. (2020). Are Independent Commissioners Able to Mitigate Higher Audit Fees in Politically Connected Firms? Evidence from Indonesia. *International Journal of Innovation, Creativity and Change*, 11(8): 24-43.

Irawati, N., Maksum, A., Sadalia, I., Muda, I. (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.

Jensen, M. C. & W. H. Meckling. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360. https://doi.org/10.1016/0304-405X(76)90026-X

Meyer, D. F., & Habanabakize, T. (2019). An Assessment Of The Value Of Pmi And Manufacturing Sector Growth In Predicting Overall Economic Output (Gdp) In South Africa. International Journal Of Ebusiness And Egovernment Studies, 11(2), 191-206.

Knechel, W. R. (2016). Audit quality and regulation. International Journal of Auditing, 20(3), 215-223.

Larasati, D. A., Ratri, M. C., Nasih, M., & Harymawan, I. (2019). Independent audit committee, risk management committee, and audit fees. Cogent Business & Management, 6(1), 1707042. https://doi.org/10.1080/23311975.2019.1707042

Naimah, Z. & Mukti, N.A. (2019). The influence of audit committee's and company's characteristic on intellectual capital disclosure. *Asian Journal of Accounting Research*, 4(2), 170-180. https://doi.org/10.1108/AJAR-05-2019-0036

Prabowo, M.A., Iswaningtyas, A., Syofyan, E., Idris, Mulazid, A.S., & Habbe, A.H. (2017). Board of directors and CSR disclosure in Indonesian banking industry: Does education matter. *International Journal of Trade and Global Markets*, 10(4), 322-338. https://doi:10.1504/IJTGM.2017.10011377

Sari, M., Lubis, A.F., Maksum, A., Lumbanraja, P., & Muda, I. (2018). The influence of organization's culture and internal control to corporate governance and its impact on state-owned enterprises corporate. *Journal of Applied Economic Sciences*, 13(3), 673-684. https://doi:10.14505/jarle.v92(32).30

Suryanto, T., Thalassinos, J., & Thalassinos, E. (2017). Board characteristics, audit committee and audit quality: The case of Indonesia. DOI: 10.35808/ijeba/481

Syahri, K., Ginting, P., & Absah, Y. (2019). The effect of application of good corporate governance (GCG) principles on supplier satisfaction level in the procurement of goods/services Pt Indonesia Asahan aluminium with environmental factors as moderating variables. *International Journal of Scientific and Technology Research*, 8(2), 35-39.

Zhang, A., Zhang, Y., & Zhao, R. (2001). Impact of ownership and competition on the productivity of Chinese enterprises. *Journal of Comparative Economics*, 29(2), 327-346. https://doi.org/10.1006/jcec.2001.1714

Zureigat, Q. M. (2011). The effect of ownership structure on audit quality: Evidence from Jordan. *International Journal of Business and Social Science*, 2(10). 38-49.

Province, H. D. (2019). Department of Ear-Nose-Throat , Vietnam National Hospital of Pediatrics , Hanoi 100000 , Vietnam . Department of Demography , Hanoi Medical University , Hanoi 100000 , Vietnam . 3 Department of Research , the National Hospital of Pediatric , Hanoi 100000 , Vietnam . 4 Tra Vinh University , Tra Vinh province 940000 , Vietnam . 5 National Otorhinolaryngology Hospital of Vietnam , Hanoi 100000 , Vietnam . Correspondence : 22-26.

Muposhi, A. (2019). Emergence Of Green Marketing Capitalism In South Africa: Implications For Green Economy Agenda. International Journal of Business and Management Studies, 11(1), 1-15.

Miljenić, O. (2018). Energy Charter Treaty-Standards of Investment Protection. Croatian International Relations Review, 24(83), 52-83.

García-Santos, D., García-Rubio, J., Reina, M., Pino-Ortega, J., Vaquera, A., & Ibáñez, S. J. (2019). Accelerometry Profile of Basketball Referees during U´ 16 Euroasket Women. Revista de Psicologia del Deporte, 28(3), 53-64.

Paadi, K., Barkhuizen, N., & Swanepoel, S. (2019). Exploring The Building Blocks Of An Employee Value Proposition For Graduate Interns. The International Journal of Social Sciences and Humanity Studies, 11(1), 51-67.

Peng, M. Y. P., & Chen, C. C. (2019). The effect of instructor's learning modes on deep approach to student learning and learning outcomes. Educational Sciences: Theory & Practice, 19(3).

Moolman, A. M., & Jacobs, L. (2019). The Financial Effect Of# Feesmustfall On Individual Taxpayers. International Journal Of Economics And Finance Studies, 11(1), 17-32.

Meyer, D. F., & Habanabakize, T. (2019). An Assessment Of The Value Of Pmi And Manufacturing Sector Growth In Predicting Overall Economic Output (Gdp) In South Africa. International Journal Of Ebusiness And Egovernment Studies, 11(2), 191-206.

Muposhi, A. (2019). Emergence Of Green Marketing Capitalism In South Africa: Implications For Green Economy Agenda. International Journal Of Business And Management Studies, 11(1), 1-15.

Demirci, I., Eksi, H., & Eksi, F. (2019). Narcissism, Life Satisfaction, and Harmony: The Mediating Role of Self-Esteem and Self-Compassion. Eurasian Journal of Educational Research, 84, 159-176.

Peng, M. Y. P., & Chen, C. C. (2019). The effect of instructor's learning modes on deep approach to student learning and learning outcomes. Educational Sciences: Theory & Practice, 19(3).

Paadi, K., Barkhuizen, N., & Swanepoel, S. (2019). EXPLORING THE BUILDING BLOCKS OF AN EMPLOYEE VALUE PROPOSITION FOR GRADUATE INTERNS. The International Journal of Social Sciences and Humanity Studies, 11(1), 51-67.

Moolman, A. M., & Jacobs, L. (2019). THE FINANCIAL EFFECT OF# FEESMUSTFALL ON INDIVIDUAL TAXPAYERS. International Journal of Economics and Finance Studies, 11(1), 17-32.

Freire Seoane, M. J., Pais Montes, C., & González Laxe, F. (2019). Estrategias del marketing portuario: El caso español. Cuadernos de Economía.

Miljenić, O. (2018). Energy Charter Treaty–Standards of Investment Protection. Croatian International Relations Review, 24(83), 52-83.

Tallapragada, M., & Hallman, W. K. (2018). Implementing the National Bioengineered Food Disclosure Standard: Will Consumers Use QR Codes to Check for Genetically Modified (GM) Ingredients in Food Products?. AgBioForum, 21(1), 44-60.