What Determines the Selection of Public Accounting Firms? Case of Listed Mining Companies in Indonesia

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Abstract

Objective – This study aims to determine the effect of institutional ownership, managerial ownership, board size and debt on the selection of public accounting firms in mining sector companies listed on the Indonesia Stock Exchange (IDX).

Design/methodology – This study uses big four and non-big four public accounting firms classification as a proxy of the quality of the firm that will be selected by the company. It utilizes 120 observations during the 2015-2017 period. The analysis technique used is logistic regression.

Results – The results showed that the size of the board of commissioners affected the election of qualified public accountant. While institutional ownership, managerial and debt holdings have no effect on the selection of qualified public accounting firms.

Keywords: Institutional Ownership, Managerial Ownership, Board of Commissioners' Size, Debt, Selection of Public Accounting Firms.

1. Introduction

Public Accounting Firm (PAF) is a business entity that was granted permission from the minister as a forum for public accountants in providing their services (Minister of Finance Regulation no 17 of 2008). PAF can be in the form of an individual business, a civil partnership, a firm, or other forms of business that are in accordance with the characteristics of the public accounting profession, which are regulated in the law. Indonesia, the PAF business license is granted by the Minister of Finance.

PAF selection is a determination of who the auditor deems relevant to provide an assessment of the company’s overall financial condition and operations. This situation is crucial that the client must decide. Being a crucial condition because the client is faced with public demands to choose auditors who are able to provide quality audit results, hence it may have an impact on the quality of financial information that will be used by stakeholders (Setiawan, Karsana, Budi, & Armon, 2015).

The difference in the quality of the PAF gives rise to the differentiation of PAF which is then known as Big Four and Non Big Four PAF. This PAF, which belongs to the big four category, has been trusted by the public to have a good reputation in presenting high audit quality. High audit quality will be able to provide more accurate information thereby reducing information asymmetry that occurs between management and shareholders (Ramadiana, 2016).

The phenomenon of financial scandals that hit British Telecom and Pricewaterhouse Coopers (PwC) in 2017, illustrates a different situation from previous studies, where PwC as one of the Big Four Public Accountant Firms reports financial statements by raising the company’s earnings through the extension of fake contracts and invoices, and fake transactions with vendors. This practice of fraud has occurred since 2013. The drive to get bonuses is a stimulus for accounting fraud.

Even though auditors who are supposed to be independent parties give confidence in the reliability of a financial report (Munidewi, 2017). Even though there has
been a case that hit the big four PAF, but until now the public still believes the PwC PAF as the Big Four PAF that audits its financial reports as recorded in the American magazine Accounting Today, 2018 Top 100 Firms (Hood, 2018).

PAF selection might be determined by institutional ownership. The proportion of share ownership held by institutional investors with large numbers makes these investors can directly influence managerial decisions (Zureigat, 2011). Zureigat also believes that institutional ownership will increase demand for high quality audit services performed by qualified auditors (Nafasati & Indudewi, 2015).

Research by Anggraeni & Ghofar (2016), and Zureigat (2011) found that institutional ownership has a positive effect on the selection of external auditors. Different results found by Mahdavi et al., (2011), he found that institutional ownership negatively influenced the selection of external auditors. Another case with Putra et al., (2014), he found that institutional ownership had no effect on the selection of external auditors.

Managerial ownership also influences the selection of public accounting firms. Limpt & Van (2011) which states that as the number of managerial ownership increases, the possibility of hiring large auditors is also higher.

Research Suwandari (2012), Limpt & Van (2011), and Mahdavi et al., (2011) found managerial ownership had a positive effect on the selection of external auditors. Different results found by Dewi & Ratnadi (2014), he found that managerial ownership negatively influenced the selection of external auditors. But the results of research (Anggraeni & Ghofar, 2016; Putra, 2014; T. Putra et al., 2014). It is found that managerial ownership had no effect on the selection of external auditors.

The size of the board of commissioners also influences the selection of PAF. Lin & Liu (2009) said that a larger board of commissioners would be able to carry out a more effective supervisory function. This will then have an impact on the selection of high quality public accounting firms to provide an opinion on the fairness of the company's financial statements.

Previous research by Anggraeni & Ghofar (2016), Lin & Liu (2009), Putra (2014) and Suwandari (2012) found that the size of the board of commissioners had a positive effect on the selection of external auditors. Another case with Nafasati & Indudewi's research (2015), he found that the size of the board of commissioners had a negative effect on the selection of external auditors. Where as Putra (2014) found that the size of the board of commissioners had no effect on the selection of external auditors.

Debt also influences the selection of PAF, Setiawan et al., (2015) states this is due to the higher proportion of debt, creditors expect more qualified PAFs to guarantee that financial statements are of high quality and as a monitoring tool to ensure that management complies with the debt agreement. Broye & Weill (2008) investigated the effect of leverage on auditor choice in 10 European countries. They found that companies with leverage in countries with laws were more effective in protecting the rights of creditors choosing large audit firms as their auditors.

The results of research conducted by Suwandari (2012), Broye & Weill (2008) and Knechel et al., (2008) that leverage has a positive effect on the selection of external auditors. But the results of Fitriyani & Erawati(2016), he found that leverage negatively affects the selection of external auditors. While Dewi & Ratnadi (2014) Trisnawati (2015) and Alfan & Suryansyah (2017) found that leverage has no effect on the selection of external auditors.

Some previous studies have shown inconsistent results. Therefore, researchers are interested in re-examining the study with the title "The Effect of Institutional Ownership, Managerial Ownership, Board of Commissioners Size and Debt on the Selection of a Public Accountant Firm" and testing will be conducted on Mining Sector Companies listed on the Indonesia Stock Exchange Period 2015-2017."
2. Theoretical Background and Hypotheses

Effect of Institutional Ownership on the Selection of a Public Accountant Firm

Institutional ownership can influence the selection of PAF, where the proportion of share ownership held by institutional investors with large numbers makes these investors can directly influence managerial decisions. However, the greater the ownership of institutional investors in the company, the greater the voice power and encouragement of institutional investors to oversee management. As a result, management will be motivated to optimize the value of the company so that the possibility of companies using quality auditors increases (Zureigat, 2011).

The results of research by Anggraeni & Ghofar (2016), Velury et al. (2003) and Zureigat (2011), found that institutional ownership had a significant positive effect on auditor selection. The higher institutional ownership in a company, the higher the tendency to choose quality auditors.

Velury et al. (2003) examined the relationship between the likelihood of companies employing high-quality industry specialist auditors and the level of institutional ownership in the corporate structure. It is known that there is a positive relationship between the level of institutional ownership and the likelihood of companies using industry specialist auditors. According to the study, there is a relationship between the type of auditor and the level of institutional ownership due to the monitoring role of institutional investors. Institutional investors have more economic incentives to monitor management behavior so that their investment in the company increases.

H1: Institutional ownership significantly influences the selection of public accounting firms in mining companies listed on the IDX.

Effect of Managerial Ownership on the Selection of a Public Accounting Firm

Managerial ownership affects the selection of PAF, where managerial ownership causes the manager will also influence the company's policies including the selection of external auditors (Suwandari, 2012).

Limpt & Van (2011) states that as the number of managerial ownership increases, the possibility of hiring large auditors is also higher. This research was conducted on small and medium-sized companies in Germany. Differences in company size, location and corporate culture may be the cause of this difference.

Mahdavi et al. (2011), he found that managerial ownership has a significant positive effect on the selection of external auditors, according to him the higher managerial ownership, the management will choose auditors who produce low audit quality. This is caused by the management wants to maintain the benefits they are able to get from financial reporting that is not transparent.

H2: Managerial ownership significantly influences the selection of public accounting firms in mining companies listed on the IDX.

Effect of Board of Commissioners' Size on Selection of a Public Accountant Firm

The size of the board of commissioners can influence the selection of PAF. Lin & Liu (2009) say that a larger board of commissioners will be able to carry out more effective oversight functions. This will then have an impact on the selection of high quality public accounting firms to provide an opinion on the fairness of the company's financial statements. Fama & Jensen (1983) say, when the board of commissioners has expertise in a particular field, it will be able to provide valuable advice in the formulation of strategy and organization of the company, including giving advice in the selection of external auditors.

The board of commissioners as supervisors in the company has the task of overseeing management activities. Linda (2012) said the composition of the board of commissioners has an important role in the implementation of internal corporate governance mechanisms, the effectiveness of the board depends on the size and...
composition. The size of the board of commissioners is the amount considered proportional to represent the shareholders.

Research by Anggraeni & Ghofar (2016), Putra et al. (2014) and Lin & Liu (2009), they found that the size of the board of commissioners had a positive effect on the selection of external auditors. Lin & Liu (2009) states that the size of the board of commissioners in companies in China can increase the chances of choosing the company’s Top 10 auditor. The addition of members of the board of commissioners can also reflect the additional expertise in the board so as to increase the ability of the board to provide advice and consideration.

H3: The size of the Board of Commissioners significantly influences the selection of public accounting firms in mining companies listed on the IDX.

**Effect of Debt on the Selection of a Public Accounting Firm**

Debt also influences the selection of PAF, this is due to the higher proportion of debt, thus creditors will expect more qualified PAFs to guarantee that financial reports are of high quality and as a monitoring tool to ensure that management complies with the debt agreement. Chow (1982) found that the higher the ratio of debt in a company’s capital structure, the higher the likelihood that companies use the services of public accounting firms. This is based on the assumption that when the composition of debt in the capital structure increases, the owners tend to transfer wealth from creditors, therefore creditors have a greater desire to use quality public accounting firm (PAF) services.

Reed et al. (2000) found that there is a positive influence between leverage and the selection of external auditors. DeFond et al. (2000) states that companies will tend to use high-quality auditors, when the company’s leverage increases. Creditors expect the debtor's financial condition to be healthy, so that the debtor's financial health information becomes very important for the creditor.

H4: Debt has a significant effect on the selection of public accounting firms in mining companies listed on the IDX

Based on the description of this framework, the framework of this research framework is shown in figure 1.

![Figure 1. Schematic Framework](image-url)

### 3. Research Method

The purpose of this study is to test the hypotheses of whether institutional ownership, managerial ownership, the size of the board of commissioners and debt together
and individuals influence the selection of public accounting firms. This research is a causal study which aims to find the factors that cause the selection of a public accounting firm. Researcher’s intervention in this study is minimal intervention. The situation of the study in this study was not regulated. The unit of analysis in this study is an individual mining sector company. The time horizon is a balanced panel data that is a combination of time series data and cross sectional data contained in 2015-2017 (Gujarati, 2004).

The population in this study is mining sector companies listed on the Indonesia Stock Exchange consistently from 2015-2017 as many as 120 observation companies. The data source in this study is secondary data in the form of audited financial statements of mining sector companies.

Secondary data in this study are the audited financial statements of mining sector companies. The report is the balance sheet to see the company’s debt, the board of commissioner’s report to see the size of the board of commissioners, corporate governance to see the public accounting firm used. Data collection techniques used in this study is by way of documentation, which is collecting data that has been available on the Indonesia Stock Exchange (IDX). Data is collected by downloading from the IDX’s official website which is at http://www.idx.co.id/. On the site go to the menu of listed companies, then sub menu financial and annual reports, then immediately fill out the form to download the desired company financial statements.

Furthermore, the measurement of variables in the study aims to operationalize each research variable. Institutional ownership was adopted from Velury et al. (2003), Managerial ownership adopted Pratama (2013), Board of Commissioners’ size adopted Ujiyantho & Pramuka (2007), and Debt adopted (Bolak & Suer, 2013).

Data analysis method in this study uses logistic regression. Analysis of the data uses the help of the Statistical Package for the Social Science (SPSS) 25 application software. The logistic regression model used is:

\[ \ln\left(\frac{P}{(1-P)}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

**Table 1. Measurement of Variables**

| No | Variable                    | Measurement                                                                 | Scale |
|----|-----------------------------|------------------------------------------------------------------------------|-------|
| 1. | Selection PAF              | The Big Four PAF is given a dummy value of 1                                 | Dummy |
|    |                             | The Non Big Four PAF is given a dummy value of 0                             |       |
| 2. | Institutional ownership     | Number of shares owned institutionally / Total shares outstanding \times 100% | Ratio |
| 3. | Managerial ownership        | Number of shares owned by management / Total shares outstanding \times 100% | Ratio |
| 4. | Board of commissioners’ size| Total internal board of commissioners / external board of commissioners / Total assets | Nominal |
| 5. | Debt                        |                                                                              | Ratio |

Description:
- \( \ln \) = Log of Natural
- \( P \) = Selection of the public accounting firm Big Four
- \( 1-P \) = Selection of the public accounting firm Non Big Four
- \( \beta_0 \) = Constant value
- \( \beta_1-\beta_4 \) = Coefficient regression
- \( X_1 \) = Institutional ownership (KI)
- \( X_2 \) = Managerial ownership (KM)
- \( X_3 \) = Board of Commissioners’ size (UDK)
Institutional Ownership, Managerial Ownership, Board of Commissioners' Size, Debt

4. Result and Discussion
Logistic Regression Analysis
Overall Fit Model Test Results
This test is used to assess whether the hypothesized model is fit or not with the data. Following are the results of the Overall Fit Model test in this study.

| Iteration History|  
|---|---|---|---|---|---|
| -2 Log likelihood| Log Likelihood Value| Coefficients Constant|  
| -2Log Likelihood block 0| 166.055| -0.100|  
| -2Log Likelihood block 1| 148.611| -1.470|  

Based on table 2, information is obtained that the test is done by comparing the value of -2Log Likelihood block 0 to the value of -2Log Likelihood block 1. The value of -2Log Likelihood block 0 is 166.055. After entering the four independent variables, the value of Log-Likelihood block 1 decreased to 148.611. Decrease in Log Likelihood shows a better regression model or in other words the model is hypothesized fit with the data.

Regression Model Feasibility Test Results
The feasibility of the regression model is used to predict the value of observations from research, the model can be accepted if it has a match with the observational data. The results of the feasibility test of the research regression model can be seen in table 3 below.

| Step| Chi-square| df| Sig.|  
|---|---|---|---|---|---|---|---|---|
| 1| 4.861| 8| 0.772|  

Source: SPSS output, processed 2019

The feasibility of the regression model was assessed using Hosmer and Lemeshow, Goodness of Fit Test. Tests showed a Chisquare value of 4.861 with a significance of 0.772. Based on these results, because the significance value is greater than 0.05, the model can be concluded capable of predicting the value of the observations or it can be said that the model is acceptable because it has a match with the observational data.

Determination Coefficient Test Results (Nagelkerke R. Square)
The coefficient of determination (R2) is essentially to measure how far the model's ability to explain variations in independent variables. Nagelkerke R Square test results can be seen in the following table 4.

| Step| -2 Log likelihood| Cox & Snell R Square| Nagelkerke R Square|  
|---|---|---|---|---|---|---|---|---|---|
| 1| 148.611a| 0.135| 0.181|  

Source: SPSS output, processed 2019

The magnitude of the coefficient of determination in the logistic regression model is indicated by the value of Nagelkerke R Square. The Nagelkerke R Square value is 0.181 which means that the dependent variable, namely the selection of quality PAF can be explained by 18.1% by independent variables namely institutional ownership, managerial ownership, board size and debt size. While the rest is explained by other variables outside this study.
Classification Matrix Results

The classification matrix shows the predictive power of the regression model to predict the possibility of selecting quality PAF conducted by mining companies. The classification matrix is presented in table 5.

| Observed | Predicted |
|----------|-----------|
|          | Selection PAF | Total | Percentage |
|          | Non Big Four | Big Four | Correct |
| Step 1 | Selection Non Big Four | 46 | 17 | 63 | 73.0 |
| PAF    | Big Four     | 22 | 35 | 57 | 61.4 |
| Overall | 120 |       | 67.5 |

Source: SPSS output, processed 2019

The predictive power of the regression model to predict the likelihood of companies choosing quality accounting firms is 61.4%. This shows that by using the regression model used, there are as many as 35 (61.4%) companies that are predicted to choose quality accounting firms (big four) out of a total of 57 companies that choose quality accounting firms (big four). The predictive power of the non-big four firm model is 73%, which means that with the regression model used as many as 46 (73%) the predicted company does not choose a high quality firm (non-big four) from a total of 63 companies did not choose a quality PAF (non-big four) or it can be concluded that the predictive power of the regression model was 67.5%.

Hypothesis Tests

a) Simultaneous Test

This test is carried out to test whether the variables of institutional ownership, managerial ownership, size of the board of commissioners and debt simultaneously affect the selection of public accounting firms. The results of the Omnibus Test of Model Coefficient can be seen in table 6 below.

| Omnibus Tests of Model Coefficients |
|-------------------------------------|
| Chi-square | df | Sig. |
| Step 1     | 17.444 | 4 | 0.002 |
| Block      | 17.444 | 4 | 0.002 |
| Model      | 17.444 | 4 | 0.002 |

Source: SPSS output, processed 2019

Based on table 6 above shows that simultaneously institutional ownership, managerial ownership, the size of the board of commissioners and debt can explain the selection of public accounting firms. This can be seen from the Chi-Square results of 17.444 with a df of 4 and a significance of 0.002 whose value is less than 0.05. This shows that the 1st hypothesis was accepted. So it can be concluded that institutional ownership, managerial ownership, the size of the board of commissioners and debt simultaneously influence the selection of public accounting firms.

b) Partial Test

To test the significance of the coefficient of each independent variable used p-value (probability value) with a significance level of 5% (0.05). If the significance value is less than 0.05, the regression coefficient is significant. The results of data analysis can be seen in table 7 below:

| Variabel | B  | S.E. | Wald | df | Sig.  | Exp(B) |
|----------|----|------|------|----|-------|--------|
| Step 1   |    |      |      |    |       |        |
| KL_X1    | 1.336 | 0.749 | 3.181 | 1 | 0.075 | 3.803  |
| KM_X2    | -1.466 | 1.365 | 1.155 | 1 | 0.283 | 0.231  |
| UDK_X3   | 0.299 | 0.127 | 5.567 | 1 | 0.018 | 1.349  |
| LEV_X4   | -0.612 | 0.346 | 3.125 | 1 | 0.077 | 0.542  |
| Constant | -1.470 | 0.709 | 4.302 | 1 | 0.038 | 0.230  |
Based on the table above, the logistic regression model obtained is as follows:

\[
\ln \left( \frac{p}{1-p} \right) = -1.470 + 1.336X_1 - 1.466X_2 + 0.299X_3 - 0.612X_4 - C
\]

Based on the logistic regression equation above it is known that the constant variable has a negative coefficient of -1.470. It can be concluded that the selection of PAF is not only influenced by variables of institutional ownership, managerial ownership, size of the board of commissioners and debt, but there are also other variables that influence it.

Based on table 7, the institutional ownership variable shows a regression coefficient of 1.336 with a significance level (p) of 0.075, greater than \( \alpha = 5\% \). Because the significance level (p) is greater than \( \alpha = 5\% \), the second hypothesis is unsuccessful. This study failed to prove the influence of institutional ownership on the selection of public accounting firms.

Managerial ownership variable shows a regression coefficient of -1.466 with a significance level (p) of 0.283, greater than \( \alpha = 5\% \). Because the significance level (p) is greater than \( \alpha = 5\% \), the third hypothesis is unsuccessful. This study failed to prove the influence of managerial ownership on the selection of public accounting firms.

Variable size of the board of commissioners shows a regression coefficient of 0.299 with a significance level (p) of 0.018, smaller than \( \alpha = 5\% \). Because the significance level (p) is smaller than \( \alpha = 5\% \), the fourth hypothesis was successfully supported. This research succeeded in proving the influence of the size of the board of commissioners on the selection of public accounting firms.

Debt variable shows a regression coefficient of -0.612 with a significance level (p) of 0.077, greater than \( \alpha = 5\% \). Because the significance level (p) is greater than \( \alpha = 5\% \), the 5th hypothesis was not successfully supported. This study failed to prove the influence of debt on the selection of public accounting firms.

**Discussion**

**Effects of Institutional Ownership, Managerial Ownership, Size of the Board of Commissioners and Debt Simultaneously Influencing the Selection of a Public Accounting Firm**

Simultaneous test results show that the Chi-Square results of 17.444 with a df of 4 and a significance of 0.002 whose value is smaller than 0.05. This means that the first hypothesis (Ha1) is accepted. Institutional ownership, managerial ownership, the size of the board of commissioners and debt together (simultaneously) affect the selection of public accounting firms. This shows that, the selection of a public accounting firm at a mining company during 2015 to 2017 is influenced by these four variables. The influence of institutional ownership, managerial ownership, size of the board of commissioners and debt on the selection of public accounting firms has also been found by previous researchers. They are (Alfian & Suryansyah, 2017; Anggraeni & Ghofar, 2016; Broye & Weill, 2008; Dewi & Ratnadi, 2014; Fitriyani & Erawati, 2016; Knechel et al., 2008; Limpt & Van, 2011; Lin & Liu, 2009; Mahdavi et al., 2011; Nafasati & Indudewi, 2015; Suwandari, 2012; Zureigat, 2011). They stated that institutional ownership, managerial ownership, the size of the board of commissioners and debt together influence the selection of public accounting firms.

**Effects of Institutional Ownership on the Selection of a Public Accounting Firm**

Partial test results show that, institutional ownership does not affect the selection of public accounting firms. The regression coefficient of 1.336 with a significance level (p) of 0.075, greater than \( \alpha = 5\% \). Because the significance level (p) is greater than \( \alpha = 5\% \), the second hypothesis is unsuccessful. This study failed to prove the influence of institutional ownership on the selection of public accounting firms in mining sector companies listed on the Stock Exchange in 2015-2017.
The results of this study support the results of previous studies conducted by Putra (2014), he found that institutional ownership had no effect on the selection of PAF quality. But contrary to the results of research by Anggrai & Ghofar (2016) and Zureigat (2011) they found that institutional ownership had a positive effect on the selection of external auditors.

Effect of Managerial Ownership on the Selection of a Public Accounting Firm
Partial test results show that managerial ownership has no effect on the selection of public accounting firms. Regression coefficient of -1.466 with a significance level (p) of 0.283, greater than $\alpha = 5\%$. Because the significance level (p) is greater than $\alpha = 5\%$, the third hypothesis is unsuccessful. This study failed to prove the influence of managerial ownership on the selection of public accounting firms in mining sector companies listed on the Stock Exchange in 2015-2017.

The results of this study support the results of previous studies conducted by Anggrai & Ghofar (2016), Putra (2014) and Putra et al., (2014), they found that managerial ownership had no effect on the selection of quality PAF. But on the contrary with research Suwandari (2012), Limpt & Van (2011) and Mahdavi et al. (2011), they found that managerial ownership had a positive effect on the selection of quality PAF.

Effect of Board of Commissioners' Size on Selection of Public Accountant Firm
The partial test results show that the size of the board of commissioners influences the selection of public accounting firms. The regression coefficient of 0.299 with a significance level (p) of 0.018, smaller than $\alpha = 5\%$. Because the significance level (p) is smaller than $\alpha = 5\%$, the fourth hypothesis was successfully supported. This study successfully proved the influence of the size of the board of commissioners on the selection of public accounting firms in mining sector companies listed on the Stock Exchange in 2015-2017.

The results of this study support the results of previous studies conducted by Anggrai & Ghofar (2016), (Putra, 2014) and (Lin & Liu, 2009), they found that the size of the board of commissioners had a positive effect on the selection of quality PAFs. Whereas (T. Putra et al., 2014) found that the size of the board of commissioners had no effect on the selection of quality PAF.

Effects of Debt on the Selection of a Public Accountant Firm
Partial test results show that managerial ownership has no effect on the selection of public accounting firms. Regression coefficient of -0.612 with a significance level (p) of 0.077, greater than $\alpha = 5\%$. Because the significance level (p) is greater than $\alpha = 5\%$, the 5th hypothesis was not successfully supported. This study failed to prove the influence of debt on the selection of public accounting firms in mining sector companies listed on the Indonesia Stock Exchange in 2015-2017.

The results of this study support the results of previous studies conducted by Dewi & Ratnadi (2014), Trisnawati (2015) and Alfian & Suryansyah (2017), they find that debt has no effect on the selection of quality PAF. Instead these findings do not support the results of research Suwandari (2012), Broye & Weill (2008) and Knechel et al. (2008), found that leverage has a positive effect on the selection of quality PAF.

5. Conclusions, Limitations, and Suggestions
The findings of this study revealed that institutional ownership, managerial ownership, the size of the board of commissioners and debt simultaneously influence the selection of quality public accounting firms. The size of the board of commissioners influences the selection of quality public accounting firms. While institutional owner-
Institutional Ownership, Managerial Ownership, Board of Commissioners' Size, Debt

ship, managerial ownership and debt do not affect the selection of quality public accounting firms.
This study is limited for it only uses four independent variables to see the effect on the selection of quality public accounting firms. The selection of research objects only uses mining companies listed on the IDX consistently from 2015-2017.
For future research it is suggested to add or use several other independent variables related to the selection of a public accounting firm. Add or use other sector companies outside the mining sector, so that the results of the study can be used by all companies listed on the Indonesia Stock Exchange not only for the mining sector.

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