ABSTRACT

The aim of this study is to examine the impact of liquidity risk on audit fee and auditor selection, as well as the impact of the characteristics of the board of commissioners on the auditor selection (Big 4 or Non Big 4) in Indonesia's property, real estate and building construction sectors. The independent variables that used in this study are liquidity risk, board commissioners size, and board commissioners independence. While the dependent variables are audit fee and auditor selection. This study also used firm size and ROA as control variables. The population that used in this study consists of all property, real estate and building construction companies in Indonesia Stock Exchange (IDX) for the period 2016-2020.

The method used for sampling is a purposive sampling method. Total sample of this study are 155 companies that fit the criterias. The hypotheses testing of this study uses linear regression analysis for audit fee model and logistic regression analysis for auditor selection model.

The result of this study indicates that liquidity risk has a significant impact on audit fee, but not on auditor selection in Indonesia's property, real estate and building construction companies. Meanwhile, the characteristics of the board of commissioners, namely board commissioners size and board commissioners independence has no significant impact on auditor selection.

Keywords : liquidity risk, fee audit, auditor selection

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