

Impact of Implementation of ISA 600 on Audit Market Share in Indonesia

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IAPI (Institute of Public Accountants in Indonesia) published SA600 on Audits of Group Financial Reports (Including Auditor Work Component) which have been effective since 2013. This standard is following ISA (International Standards on Auditing) No 600. With ISA600, group auditors are fully responsible for all parent and child financial reports, even though the child's financial statements are not audited by the group auditor. The impact of this full responsibility can cause group auditors to choose to carry out audits of component companies directly. This can lead to the possibility of a component auditor shift to the group auditor in order to minimise the risks that must be borne by the group auditor, because when involving other auditors as component auditors, the group auditor faces risks if the audit quality of other auditors is a low-quality component auditor. This study aims to examine the impact of the application of ISA600 on the share of the audit market in Indonesia. The research samples are companies that make consolidated financial statements. The companies that make the consolidation report are looked up by the names of their subsidiaries, then the names of Audit Firms and audit partners are searched based on data from P2PK of the finance ministry. The research period is from 2011 to 2016. The sample was obtained for 1,205 subsidiaries each year. To prove the hypothesis, a different test of market share was conducted in these 3 groups, before and after the application of ISA 600. The results showed that the market share of Big 4 rose 4.85%, Second Tier also increased by 1.74% while the small market share fell 6.56%. These findings are in accordance with complaints from many small Audit Firms that experienced a decrease in the number of clients due to the application of ISA 600. Therefore, the government needs to think about actions that need to be taken to protect small Audit Firms.

Key words: *ISA600, audit market share, group auditor, component auditor.*

Introduction

Financial scandals that occur in large companies such as Enron, Ahold and Parmalat showed that there are problems and gaps in accounting and audit practices that occur even in large companies. Various parties began to realise and voice their concerns about the importance of supervision of accounting and audit practices to prevent the occurrence of similar problems that could harm companies or investors in the future. Broberg (2004) states that auditing is a very important activity. Quality audits are a guarantee of the quality of financial statements (DeFond and Zhang, 2014).

Audits conducted on corporations usually involve a corporate structure that includes a variety of components with a complex accounting situation. The Indonesian Institute of Certified Public Accountants (IAPI) follow international audit standards by issuing an Audit Standard to improve audit quality. One of the ISAs issued was ISA600 concerning Special Considerations - Audit of Group Financial Reports (Including Component Auditor Work). ISA600 was effective in 2013 for Issuers and in 2014 for non-Issuers. The ISA regulates the full responsibility of the auditor of the parent company for the consolidated report, which includes the subsidiary's financial statements (components). The purpose of full responsibility is that group auditors are responsible for all parent and child financial reports, even though the child's financial statements are not audited by the group auditor (Rahmansyah, 2017).

Carson et al. (2014) stated that financial scandals that occur in large companies such as Parmalat in Italy and Royal Ahold in the Netherlands are a result of poor audit quality carried out by component auditors as part of the audit group. The definition of its own component auditor according to ISA600 is an auditor who carries out work on financial information relating to a component for the purpose of group audit (Golestani & Fallah, 2019). Ideally, audit quality between group auditors and component auditors is consistently good quality so that the quality will be reflected in the consolidated financial statements. However, there are many cases where group auditors rely too much on audit results from component auditors without conducting adequate reviews, so that the problems in the component auditor's work are not detected by the group auditor (James Doty, 2011 in Carson et al., 2014).

With the submission of full responsibility to the auditors of the parent company, it is expected that there will be an increase in the quality of the audit results. Therefore, the group auditor must improve the quality of audit procedures in order to convince himself that all the child's financial statements (components) are free of fraud and errors. In line with this full responsibility, the presence of ISA 600 can have an impact on increasing or decreasing the market share of the Public Accounting Firm. The intended increase or decrease is the transfer of the auditor responsible for component audits to become a group auditor. Rahmansyah (2017) stated the facts in the field which showed the impact of this on the potential transfer from the

component auditor to the group auditor. This is because the group auditor chooses to conduct a direct audit of the component entity, in order to minimise the risks that will be the responsibility of the group auditor. Rahmansyah (2017) in his research on the influence of ISA600 on audit quality, with the research year of 2012 and 2014 shows that ISA600 had a positive effect on audit quality. These results reflect that the application of ISA600 further improves audit quality.

This study aims to examine the effect of the implementation of ISA 600 on the market share of audit services in Indonesia. The difference between this research and previous research is; 1. This study looks at the market share of Audit Firms in Indonesia related to the presence of ISA 600, by dividing into 3 groups, namely the big 4 Audit Firm market share, the second tier Audit Firm market share, and the small Audit Firm market share; 2. Previous research only used data from listed companies, this study not only uses data from listed companies, but also companies that are not listed, where data is obtained from P2PK-Ministry of Finance (Irawady et al., 2019; Sadeghpour et al., 2017).

Literature Review and Hypothesis Development

The impact of the full responsibility regulated by the ISA600, causes the group auditors to prefer to carry out the inspection of component companies directly (Rahmansyah, 2017). This indicates the possibility of a component auditor shift to the group auditor to minimise risks arising from other parties, because when involving other auditors as component auditors, group auditors face risks if audits are produced by other auditors acting as low-quality component auditors. According to Carson et al., (2004), audit failure from a component company will have an impact on the audit quality of the group (parent company). This can occur because there is a possibility that there is a difference in the competencies possessed by the component auditor where the auditor's competence determines the opportunity to detect errors in financial statements (DeAngelo, 1981). This indicates that subsidiaries previously audited by other auditors will be audited by the group auditor. Generally, group financial statements are audited by large audit companies, while subsidiaries of the group are usually audited by smaller audit companies because of lower audit fees. This auditor shift will lead to an increase in the large market share of large audit companies and a decrease in the market share of small audit companies thereby increasing audit market concentration. So, it is expected that the audit market concentration will increase with the implementation of ISA 600. Based on these arguments, this study proposes the following hypothesis:

H1a: There is a decline in the market share of small audit firms after the implementation of ISA 600

H1b: There is an increase in the market share of large audit firm after the implementation of ISA 600

Research Methodology

This study uses two types of data sources, namely primary and secondary data, with a study period from 2011 to 2016, to answer whether the application of SA 600 has an impact on the market share of small, medium, and large Audit Firms. Secondary data is obtained from the financial statements of companies listed on the IDX that make consolidated financial statements. Furthermore, the companies that made the consolidation report sought the names of their subsidiaries, then searched for the name of the Audit Firm and its audit partners based on data from the P2PK of the Ministry of Finance. To answer hypotheses 1a and 1b, the analysis of audit market share is calculated based on market share analysis (client of all components (subsidiaries)) of each Audit Firm before and after the application of SA 600., to answer hypothesis 2, this study uses a non-financial sample of companies preparing a consolidation report (parent company) registered on the IDX. Observations were made on 1,205 subsidiaries each year.

To test hypotheses 1a and 1b, the market share in question is the market share of audit services with clients of all subsidiaries (component companies) from the parent company registered with the IDX. The market share is divided into 3 groups, namely big 4 Audit Firm market share, second tier Audit Firm market share, and small Audit Firm market share. Those belonging to the Audit Firm second tier are the 10 biggest Audit Firms besides the Big Audit Firm 4. For the Small Audit Firm, an analysis of 17 Audit Firms other than Audit Firms belonging to the Big 4 Audit Firm and the Second Tier Audit Firm.

The audit market share is measured by the proportion of child corporate clients in Big 4, Second Tier and Small Audit Firms which have decreased and increased in the period before and after the SA600 implementation. To answer hypotheses 1a and 1b, a different test of market share was carried out in these 3 groups before and after the application of ISA 600. It was suspected that there was a decline in the market share of small Audit Firms and an increase in market share in large Audit Firms after the adoption of ISA 600. Sample selection can be seen in table 1 below.

Table 1: Research Samples

Criteria	Number of holding companies	Number of subsidiaries
The number of companies listed on the Indonesia Stock Exchange in 2016	558	2198
<i>Subtracted by:</i>		
Companies that are not consolidated companies	(192)	-
Companies belonging to the financial industry	(85)	-
<i>Total companies with consolidated reports</i>	<u>281</u>	<u>2.198</u>
<i>Subtracted by:</i>		
Data information that is not available	(40)	993
<i>The total sample of the parent company will be examined with a regression model</i>	<u>241</u>	-
<i>The total sample of subsidiaries that will be examined annually</i>	-	<u>1.205</u>
<i>The total sample of subsidiaries that will be studied in 6 years (2011-2016) = 1,205 x 6 years</i>	-	<u>7.230</u>

Results and Discussion

Table 2 shows a total sample of 1205 subsidiaries per year. In 2011, Big 4 had 453 clients who were subsidiaries, Second Tier had 445 clients and small Audit Firms had 307 clients. In 2012, the number of BIG 4 clients which made subsidiaries increased by 3%, second tier fell 2% and Small Audit Firms also fell 2%. In 2013, the year when the SA 600 came into effect, the number of small Audit Firm clients fell by 14%, while the large Audit Firm clients rose 6% and second-tier Audit Firm clients rose 3%. In 2014, the second year the SA 600 was implemented, small Audit Firm clients fell 17%, while large Audit Firms rose 5% and middle Audit Firms increased 4%. In 2015 (the 3rd year after being enforced by SA 600), the decrease in the number of small Audit Firm clients was only 1%, but the second tier Audit Firm began to experience a decline in clients by 2%. Small and medium-sized Audit Firm clients move to large Audit Firms where large Audit Firm clients increase 3%. In 2016, there were not too many client shifts.

Table 2: Market Share for All Audit Firms - Yearly Details

	2011	%	2012	%	Changes 2011- 2012	2013	%	Changes 2012- 2013	2014	%	Changes 2013- 2014	2015	%	Changes 2014- 2015	2016	%	Changes 2015- 2016
Big 4	453	37.59%	467	38.76%	3%	494	41.00%	6%	518	42.99%	5%	531	44.07%	3%	531	44.07%	0%
Second Tier	445	36.93%	438	36.35%	-2%	453	37.59%	3%	472	39.17%	4%	462	38.34%	-2%	461	38.26%	0%
Others	307	25.48%	300	24.90%	-2%	258	21.41%	-14%	215	17.84%	-17%	212	17.59%	-1%	213	17.68%	0%
total	1205		1205			1205			1205			1205			1205		

Table 2 presents the details of the number of clients and changes in the number of clients in the 4 Large Public Accountants. Graphs can be seen in Figures 1 and 2. It can be seen that the Audit Firm which has the largest market share is BIG4D where the number of clients is a subsidiary company of 172 to 182 companies. Next is Big4B, which has around 149 to 180 clients per year. Of the 4 BIG4 Audit Firms, the smallest with clients that are subsidiaries is BIG4C Audit Firm, which has only about 20-25 clients.

Table 2: BIG 4 Market Share - Annual Details

	2011	%	2012	%	Changes 2011- 2012	2013	%	Changes 2012- 2013	2014	%	Changes 2013- 2014	2015	%	Changes 2014- 2015	2016	%	Changes 2015- 2016
BIG4A	106	8.80%	118	9.79%	11%	136	11.29%	15%	141	11.70%	4%	144	11.95%	2%	144	11.95%	0%
BIG4B	149	12.37%	150	12.45%	1%	163	13.53%	9%	175	14.52%	7%	180	14.94%	3%	180	14.94%	0%
BIG4C	20	1.66%	23	1.91%	15%	23	1.91%	0%	21	1.74%	-9%	25	2.07%	19%	25	2.07%	0%
BIG4D	178	14.77%	176	14.61%	-1%	172	14.27%	-2%	181	15.02%	5%	182	15.10%	1%	182	15.10%	0%
	453	37.59%	467	38.76%	3%	494	41.00%	6%	518	42.99%	5%	531	44.07%	3%	531	44.07%	0%

Figure 1: Number of BIG Audit Firm Clients 4

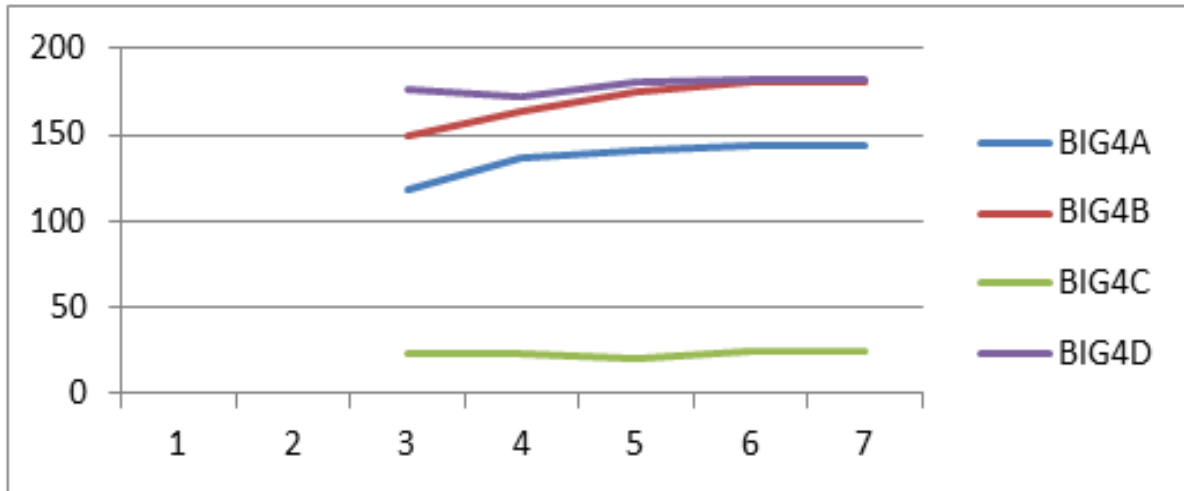


Figure 2. Changes in the Amount of Big 4 Audit Firm Clients

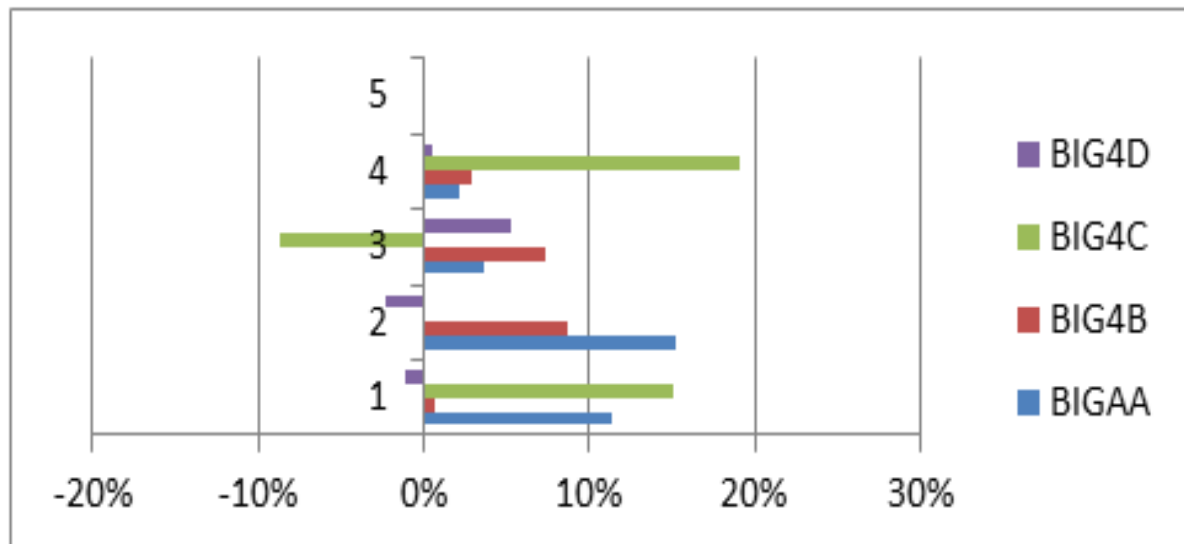


Table 3 presents details of the number of clients and changes in the number of clients in second tier Audit Firms. The graph can be seen in Figures 3 and 4. It can be seen that the second tier Audit Firm which has the largest market share is second tier G, where the number of clients is a subsidiary company of 116 to 126 companies. Next is second tier J, which has around 73 to 100 subsidiaries per year. Of the 10 second tier, SC Audit Firms that have the least clients that are subsidiaries are Audit Firm SC I, which in 2011-2014 had clients of 6 to 11 subsidiaries, but in 2015 and 2016 only had 1 client that was a subsidiary. Second Tier F in 2014 experienced an increase in the number of clients that were subsidiaries to 700%.

Table 3: Second Tier Market Share - Yearly Details

	2011	%	2012	%	Changes 2011- 2012	2013	%	Changes 2012- 2013	2014	%	Changes 2013- 2014	2015	%	Changes 2014- 2015	2016	%	Changes 2015- 2016
MS SECOND TIER A	79	6.56%	79	6.56%	0%	90	7.47%	14%	81	6.72%	-10%	73	6.06%	-10%	73	6.06%	0%
MS SECOND TIER B	27	2.24%	27	2.24%	0%	11	0.91%	-59%	12	1.00%	9%	12	1.00%	0%	12	1.00%	0%
MS SECOND TIER C	48	3.98%	48	3.98%	0%	38	3.15%	-21%	43	3.57%	13%	41	3.40%	-5%	40	3.32%	-2%
MS SECOND TIER D	35	2.90%	36	2.99%	3%	37	3.07%	3%	37	3.07%	0%	36	2.99%	-3%	36	2.99%	0%
MS SECOND TIER E	14	1.16%	17	1.41%	21%	17	1.41%	0%	18	1.49%	6%	18	1.49%	0%	18	1.49%	0%
MS SECOND TIER F	0	0.00%	0	0.00%	0%	4	0.33%	0%	32	2.66%	700%	36	2.99%	13%	36	2.99%	0%
MS SECOND TIER G	116	9.63%	116	9.63%	0%	126	10.46%	9%	120	9.96%	-5%	124	10.29%	3%	124	10.29%	0%
MS SECOND TIER H	42	3.49%	31	2.57%	-26%	23	1.91%	-26%	23	1.91%	0%	23	1.91%	0%	23	1.91%	0%
MS SECOND TIER I	11	0.91%	10	0.83%	-9%	9	0.75%	-10%	6	0.50%	-33%	1	0.08%	-83%	1	0.08%	0%
MS SECOND TIER J	73	6.06%	74	6.14%	1%	98	8.13%	32%	100	8.30%	2%	98	8.13%	-2%	98	8.13%	0%
	445	36.93%	438	36.35%	-2%	453	37.59%	3%	472	39.17%	4%	462	38.34%	-2%	461	38.26%	0%

Figure 3. Number of Second Tier Audit Firm Clients

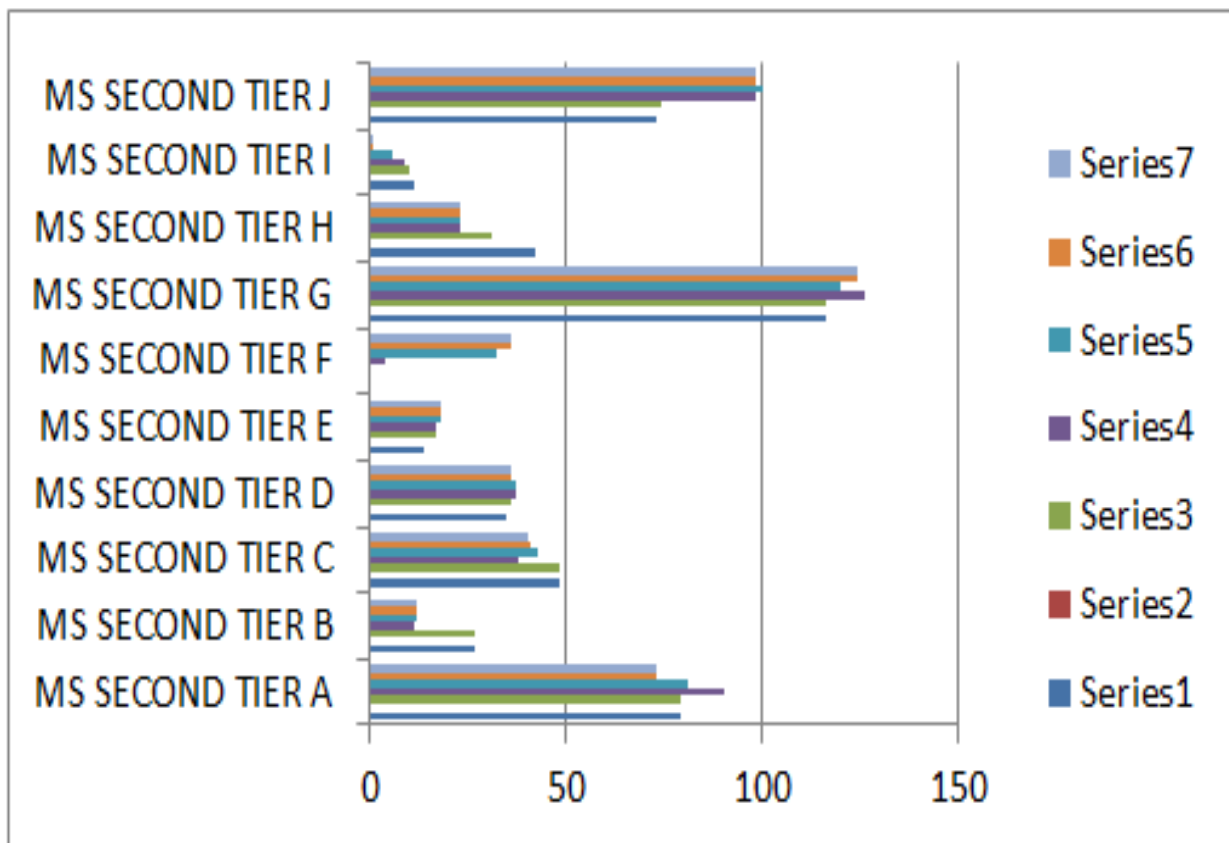


Figure 4. Changes in the Number of Second Tier Audit Firm Clients

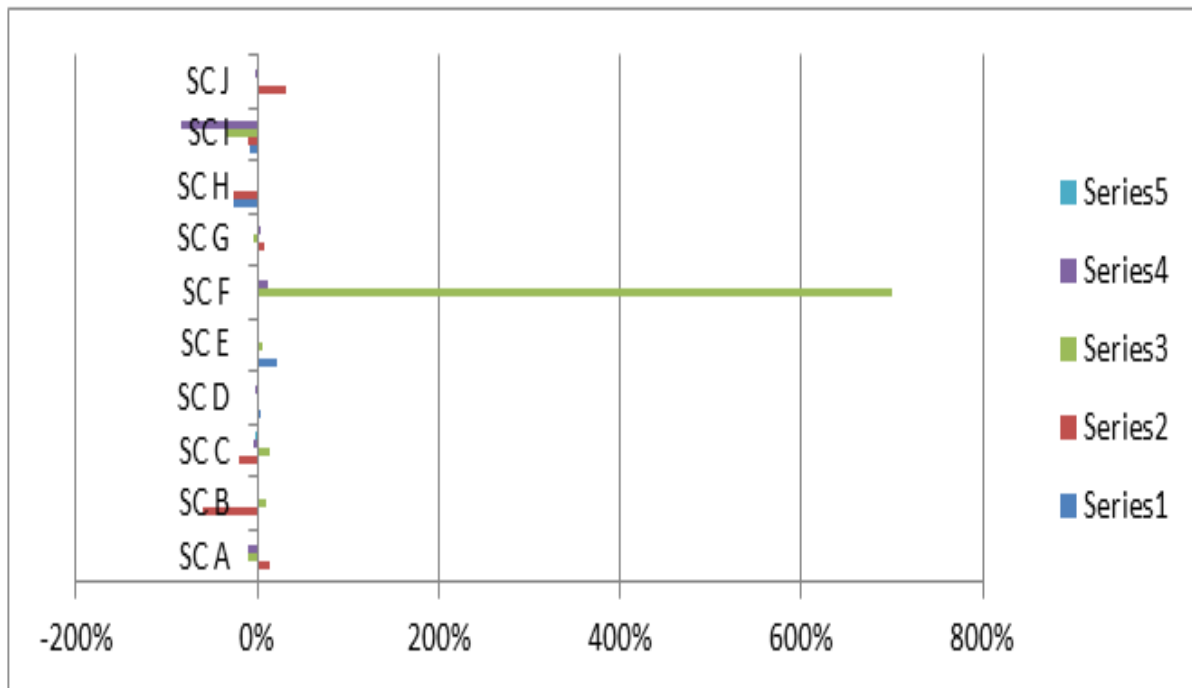


Table 3 presents details of the number of clients and changes in the number of clients in Small Audit Firms. The graph can be seen in Figures 5 and 6. It can be seen that the Small Audit Firm which has the largest market share is SM K and SM G where the number of clients is a subsidiary company of 30 to 39 companies.

Table 4: Small Audit Firm Market Share – Yearly Detail

	2011	%	2012	%	Changes 2011- 2012	2013	%	Changes 2012- 2013	2014	%	Changes 2013- 2014	2015	%	Changes 2014- 2015	2016	%	Changes 2015- 2016
SM A	24	1.99%	24	1.99%	0%	18	1.49%	-25%	15	1.24%	-17%	15	1.24%	0%	15	1.24%	0%
SM B	7	0.58%	7	0.58%	0%	7	0.58%	0%	4	0.33%	-43%	4	0.33%	0%	4	0.33%	0%
SM C	9	0.75%	8	0.66%	-11%	8	0.66%	0%	1	0.08%	-88%	1	0.08%	0%	1	0.08%	0%
SM D	5	0.41%	5	0.41%	0%	1	0.08%	-80%	1	0.08%	0%	0	0.00%	-100%	0	0.00%	#DIV/0!
SM E	2	0.17%	7	0.58%	250%	2	0.17%	-71%	2	0.17%	0%	1	0.08%	-50%	1	0.08%	0%
SM F	8	0.66%	8	0.66%	0%	9	0.75%	13%	7	0.58%	-22%	7	0.58%	0%	7	0.58%	0%
SM G	30	2.49%	30	2.49%	0%	30	2.49%	0%	30	2.49%	0%	34	2.82%	13%	34	2.82%	0%
SM H	7	0.58%	7	0.58%	0%	4	0.33%	-43%	9	0.75%	125%	0	0.00%	-100%	0	0.00%	#DIV/0!
SM I	21	1.74%	21	1.74%	0%	23	1.91%	10%	1	0.08%	-96%	1	0.08%	0%	1	0.08%	0%
SM J	7	0.58%	7	0.58%	0%	3	0.25%	-57%	2	0.17%	-33%	2	0.17%	0%	2	0.17%	0%
SM K	19	1.58%	38	3.15%	100%	38	3.15%	0%	34	2.82%	-11%	31	2.57%	-9%	31	2.57%	0%
SM L	25	2.07%	24	1.99%	-4%	21	1.74%	-13%	21	1.74%	0%	21	1.74%	0%	21	1.74%	0%
SM M	17	1.41%	15	1.24%	-12%	15	1.24%	0%	17	1.41%	13%	17	1.41%	0%	17	1.41%	0%
SM N	11	0.91%	11	0.91%	0%	0	0.00%	-100%	0	0.00%	0%	0	0.00%	0%	0	0.00%	#DIV/0!
SM O	8	0.66%	8	0.66%	0%	8	0.66%	0%	7	0.58%	-13%	7	0.58%	0%	7	0.58%	0%
SM P	6	0.50%	6	0.50%	0%	5	0.41%	-17%	6	0.50%	20%	1	0.08%	-83%	1	0.08%	0%
SM Q	18	1.49%	18	1.49%	0%	17	1.41%	-6%	18	1.49%	6%	5	0.41%	-72%	5	0.41%	0%
OTHER	83	6.89%	56	4.65%	-33%	49	4.07%	-13%	40	3.32%	-18%	65	5.39%	63%	66	5.48%	2%
	307	25.48%	300	24.90%	-2%	258	21.41%	-14%	215	17.84%	-17%	212	17.59%	-1%	213	17.68%	0%

Figure 5. Number of small Audit Firm clients

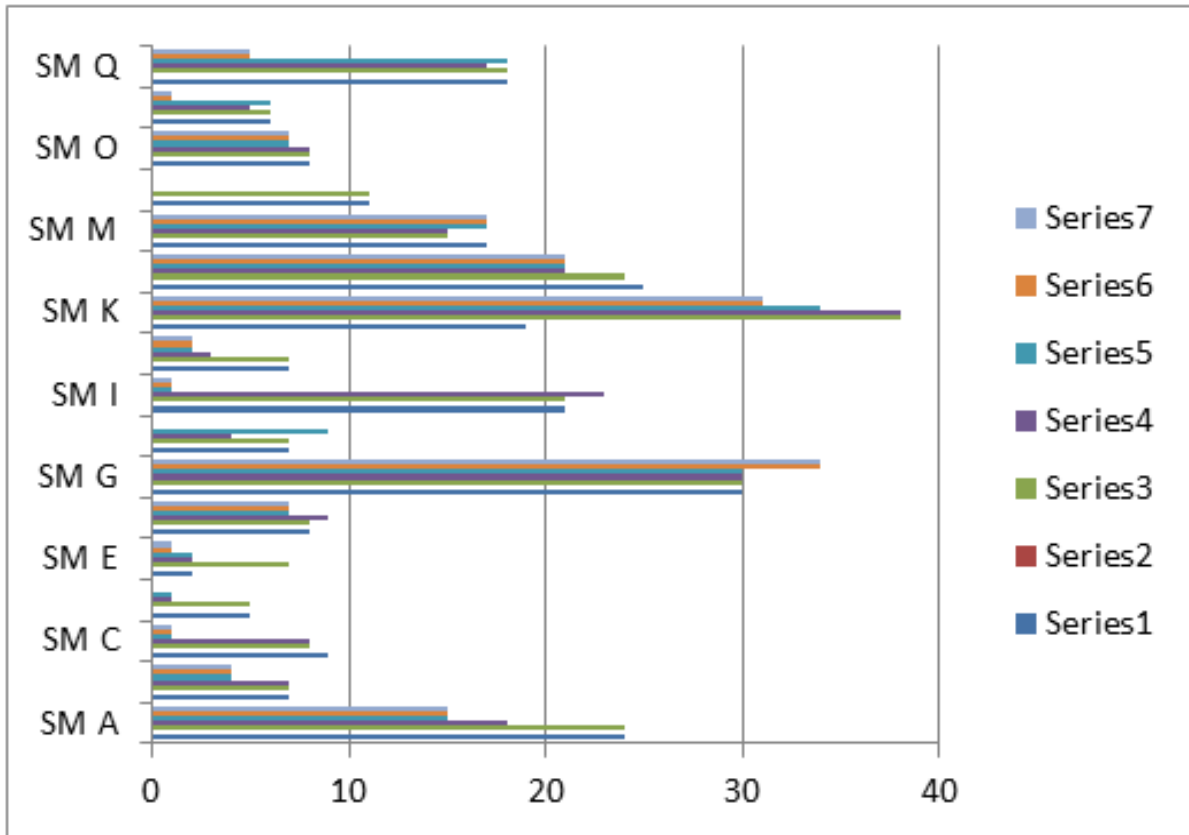
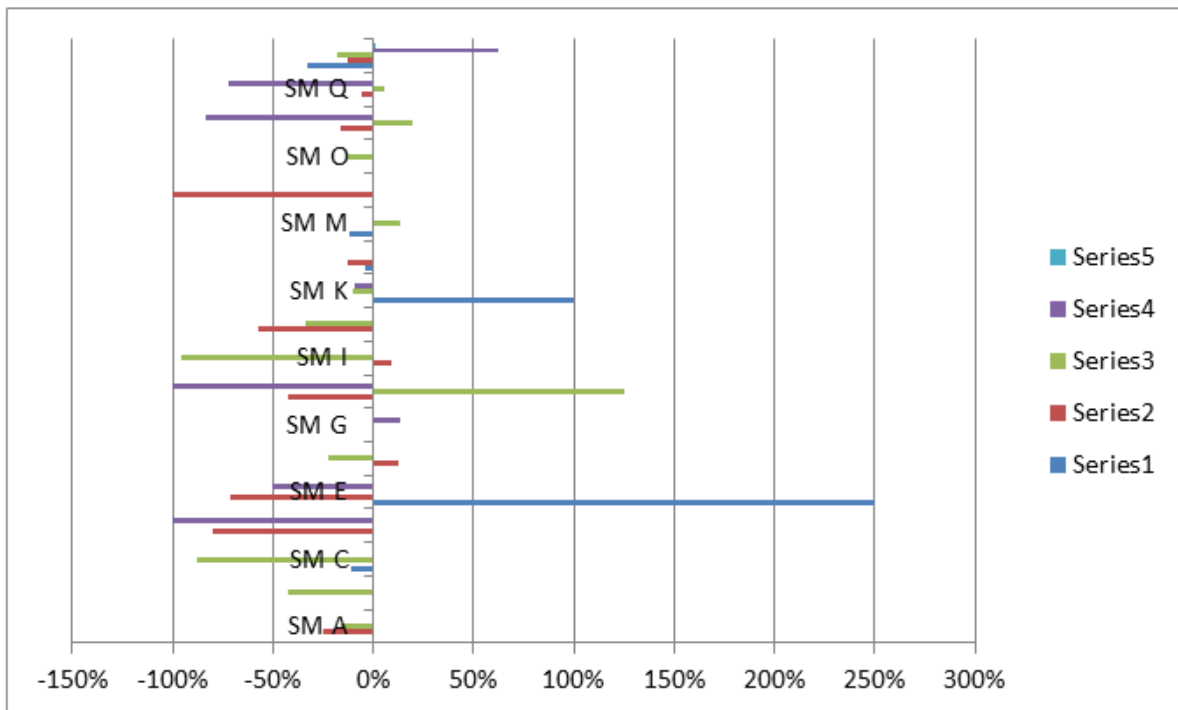


Figure 6. Changes in the Number of SMALL Audit Firm Clients



Compared to figures 2, 4 and 6, it can be seen that the Small Audit Firm has the most decline in Clients (client changes on the left side from point 0).

Table 5 shows the results of testing hypotheses 1a and 1b. Table 5 shows changes in market share of Big 4 Audit Firms, Audit Firm second tier, and small Audit Firm before SA 600 (average data for 2011 and 2012) and after the application of SA 600 (average data for 2014-2016). Based on table 5, it can be seen that the application of ISA 600 caused an increase in the Big 4 Audit Firm market share from 38.17% to 43.03% (up by 4.85%). Second tier Audit Firms also experienced an increase in market share, from 36.64% to 38.34% (up 1.74). The increase in Big 4 and second tier market share came from a decrease in the market share of small Audit Firms from 24.19% to 18.63 (down 6.56%). For the increase and decrease in the market share, statistical tests are conducted to check whether the increase / decrease is significant or not. The statistical test results show that the increase in market share from Big 4 is significant at 1%, second tier is significant at 5% and the decline in the service market is significantly 1%.

Table 5: Changes in Market Share Before and After Implementation of SA 600 - Recap of All Audit Firms

Market Share	Before ISA 600 (2011-2012 average)	After ISA 600 (2014-2016 average)	Difference	Effect
MS_BIG 4	38.17%	43.03%	4.85% ***	Increase
MS_SECOND TIER	36.64%	38.34%	1.70% **	Increase
MS_SMALL	25.19%	18.63%	(6.56%) ***	Decrease
TOTAL	100%	100%		

MS : Market Share ** significant at 5%, *** significant at 1 %

Table 6 shows the changes in the market share of each Audit Firm. In the table it can be seen that Big 4 experienced the largest increase in market share, Big 4 A, which increased 2.43%, followed by Big 4 B which gained an increase in the market share of 2.07%. Big 4 C and D only experienced an increase in market share of 0.19% and 0.17%.

Of the 10 Audit Firm second tiers, 6 Audit Firms have experienced an increase in market share, and 4 Audit Firms have experienced a decline in market share. The second tier Audit Firm that obtained the largest increase in market share was Second Tier F Audit Firm and Second Tier J Audit Firm which increased 2.24% and 2.07%.



Of the 17 small Audit Firms, almost all experienced a decline in market share; only 2 small Audit Firms experienced an increase in market share, namely Audit Firm K and Audit Firm M.

Overall table 6 shows a decline in the market share of small Audit Firms after the application of SA 600. While the market share of Big 4 and second tier Audit Firms has increased. This shows an indication of the auditor's shift from a small Audit Firm to a large Audit Firm, especially Audit Firm big four after the implementation thus H1a and H1b are accepted.

Table 6: Changes in Market Share Before and After Application of SA 600 - Detailed for each Categories of Pubic Accounting Firm

Market Share	Before ISA 600 (2011-2012 average)	After ISA 600 (2014-2016 average)	Difference	Effect
MS BIG 4 A	9.29%	11.72%	2.43%	Increase
MS BIG 4 B	12.41%	14.48%	2.07%	Increase
MS BIG 4 C	1.78%	1.95%	0.17%	Increase
MS BIG 4 D	14.69%	14.88%	0.19%	Increase
MS SC A	6.56%	6.58%	0.02%	Increase
MS SC B	2.24%	0.98%	-1.26%	Decrease
MS SC C	3.98%	3.36%	-0.62%	Decrease
MS SC D	2.95%	3.03%	0.08%	Increase
MS SC E	1.29%	1.47%	0.18%	Increase
MS SC F	0.00%	2.24%	2.24%	Increase
MS SC G	9.63%	10.25%	0.62%	Increase
MS SC H	3.03%	1.91%	-1.12%	Decrease
MS SC I	0.87%	0.35%	-0.52%	Decrease
MS SC J	6.10%	8.17%	2.07%	Increase
MS S A	1.99%	1.31%	-0.68%	Decrease
MS S B	0.58%	0.39%	-0.19%	Decrease
MS S C	0.71%	0.23%	-0.48%	Decrease
MS S D	0.41%	0.04%	-0.37%	Decrease
MS S E	0.37%	0.12%	-0.25%	Decrease
MS S F	0.66%	0.62%	-0.04%	Decrease
MS S G	2.49%	2.66%	0.17%	Increase
MS S H	0.58%	0.27%	-0.31%	Decrease
MS S I	1.74%	0.54%	-1.20%	Decrease
MS S J	0.58%	0.19%	-0.39%	Decrease
MS S K	2.37%	2.78%	0.41%	Increase
MS S L	2.03%	1.74%	-0.29%	Decrease
MS S M	1.33%	1.37%	0.04%	Increase
MS S N	0.91%	0.00%	-0.91%	Decrease
MS S O	0.66%	0.60%	-0.06%	Decrease
MS S P	0.50%	0.27%	-0.23%	Decrease
MS S Q	1.49%	0.93%	-0.56%	Decrease
OTHERS	0.48%	0.42%	-0.06%	Decrease
TOTAL	100%	100%		

MS: Market Share; **SC:** Second Tier ; **S:** Small

Conclusions and Suggestions

This study examined the impact of the application of SA 600 on the market share of audit services in Indonesia. The results of the study showed a decline in the market share of small Audit Firm audit services after the application of SA 600, while large and medium-sized accounting firms experienced an increase in market share. The Big 4 Audit Firm market share rose from 38.17% to 43.03% (up by 4.85%). Second tier Audit Firms also experienced an increase in market share, from 36.64% to 38.34% (up 1.74). The increase in Big 4 and second tier market share came from a decrease in the market share of small Audit Firms from 24.19% to 18.63 (down 6.56%). This is probably due to group auditors preferring to carry out audits of component companies directly to minimise the risks that must be borne by the group auditor, because when involving other auditors as component auditors, the group auditors risk the possibility that the resulting audit quality is not as expected. With the implementation of SA 600, many small Audit Firms complained about losing clients.

The limitations of this study are: 1) calculation of market share using the ratio of the number of clients, not yet considering the size of total assets or total sales from clients because information on total assets and total sales of subsidiaries is not obtained. Future research can calculate the market share by calculating the number of clients and the amount of total assets or total sales of clients. 2) This study has not examined the factors that led to a decrease in the number of clients from Big 4. Future studies can try to find the cause of the decline in market share from Small Audit Firms. Maybe the reason is not only because of the application of SA 600.

The following are recommendations regarding the results of the study: 1). It is necessary to regulate the possibility of an audit client of a non-significant component to be given the freedom to the subsidiary company / component client to determine the Audit Firm that will audit (the component auditor does not have to be the same as the group auditor), because in SA 600, the master auditor is responsible for a significant component; 2) For group auditors it is necessary to provide opportunities for small / medium-sized accounting firms or public accounting firms that have the potential to develop as component auditors in order to improve / improve audit quality and develop the quality of the audit industry in Indonesia; 3) It is necessary to disseminate information to service users and related regulators, and approach group auditors in a way related to the spirit of SA 600, namely that the application of SA 600 in principle will improve audit quality and understanding that subsidiaries / components can be audited by Audit Firms other than the group auditor.



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