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Does a female audit engagement partner offer higher audit quality?

¿Una auditora compañera de trabajo ofrece una mejor calidad de auditoría que la de un socio masculino?

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ABSTRACT:

This research aims to analyze whether female audit engagement partners offer higher audit quality than male audit engagement partners. The results show that companies which are audited by female engagement partners have no significant associations with audit quality. Meanwhile, it also shows that female audit engagement partners offer higher audit quality with a positive significant correlation for high growth companies. Interestingly, we also found that female audit engagement partners in Big4 accounting firms have negatively significant correlation with audit quality.

Keywords: Audit engagement partner, audit firm, audit quality, female.

RESUMEN:

Esta investigación tiene como objetivo analizar si los socios femeninos en el compromiso de auditoría ofrecen una calidad de auditoría más alta que los socios masculinos del compromiso de auditoría. Los resultados muestran que las empresas que son auditadas por parejas de compromiso femeninas no tienen asociaciones significativas con la calidad de la auditoría. Mientras tanto, también muestra que los socios femeninos en el compromiso de auditoría ofrecen una mayor calidad de auditoría con una correlación positiva significativa para las compañías de alto crecimiento. Curiosamente, también descubrimos que las socias de trabajo de auditoría en las firmas de contabilidad Big4 tienen una correlación negativa significativa con la calidad de la auditoría.

Palabras clave: Compañero de compromiso de auditoría, firma de auditoría, calidad de auditoría, mujer.

1. Introduction

The increases in gender differences appearing in the business context recently are as a result of the impact of female representation at the top level of corporations and corporate governance (Rodriguez-Dominguez *et al*., 2012). Ismail and Nakkache (2015) have argued that gender differences and inequality are still considered to be an issue in all parts of the world. Gender may be a factor which influences our understanding of how individuals behave

differently in certain situations (DeFond and Francis, 2005). Males and females play a different social role and every male and female contributes to a company's performance differently, complementing each other (Jost and Kay, 2015). Lenard *et al*. (2014) have evidenced that gender differences at the top level of corporations positively influence companies' performance. The form of these gender differences also impacts on the field of audit and finance. Increasing our understanding of gender difference in the field of accounting and audit is considered important since there is has been a significant increase in the number of career women over the last year (Khalifa, 2013).

In accordance with Hasibuan (1996), the involvement of women in the working environment in Indonesia keeps increasing, but the existence of forms of discrimination against women who work are an ongoing and big issue. This observation applies to the public accounting profession where there are still problems of discrimination in terms of gender. According to Sposito (2013), in the theory of the glass ceiling, there are symbolic barriers experienced by women and minorities when they want to reach top-level positions in a company, or in government, education, and non-profit companies.

Fogarty *et al*. (1998) conducted research which argued that proficiency and ability in the case of auditors are socially constructed concepts associated with men, and that there exists a correlation between men and success in the audit profession. Somehow, gender stereotypes can impact negatively on the leadership roles of women, whereby men who hold leadership positions are valued more highly than women (Kunda and Spencer, 2003). Meanwhile, different research by Nasution and Jonnergård (2017) stated that female auditors might limit their clients by using aggressive accounting practices and profit management. Evaluating the performance of auditors, by documenting gender differences between men and women with a CPA (Certified Public Accountant) qualification and similar education and experience, in general, indicates that female audit engagement partners with a CPA offer a better level of performance (Montenegro and Bras, 2015). Gender differences between women and men in producing an audit report may affect audit quality (Kris *et al*., 2011). One of the factors is that female audit engagement partners have better ability and experience in dealing with conflict compared to male audit engagement partners. Corporations with a female board of directors have a low level of income volatility (Facci *et al*., 2012), low financial restatement (Abbott *et al*., 2012), high profits (Barua *et al*., 2010) and reduced profit management activity (Shawver *et al*., 2006). Supported by research conducted by Srinindhi *et al*. (2011), which stated that corporations with female senior executives and women board of director have a higher quality of financial reporting. High audit quality can contribute to better company financial performance (Ching *et al*.,2015).

This research specifically analyses whether female audit engagement partners offer higher audit quality. This study predicts that companies which are audited by female audit engagement partners will have a higher audit quality. This research is conducted using 652 observations from firms listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. Ordinary Least Square Regression (OLS) is used to test whether female audit engagement partners offer higher audit quality.

For our main analysis, we conducted regression on the entire observational research data. Then, we further analyse the hypothesis in two additional subsamples. The results show that female audit engagement partners have a positive and significant correlation with audit quality in high growth companies. These results imply that companies audited by female audit engagement partners have higher audit quality in high growth companies. This is due to female audit engagement partners being more accurate and effective in dealing with complex audit tasks, which require significant effort in terms of auditing in high growth companies due to the fact that high growth companies are considered more competitive. The result also shows that female audit engagement partners in Big 4 accounting firms show a negative and significant correlation with audit quality in high growth companies. This is because, if a problem arises in the work, male employees will tend to take up the challenge of addressing the problem, whereas female employees tend to avoid the risks associated with such problems (Eagly, 1987). Big4 accounting firms have more clients with relatively large size enterprises and complex operations compared to non-Big 4 accounting firms.

The structure of this paper is as follows: Section 2 is the literature review and hypotheses

development; Section 3 is the description of the sample and research variable; Section 4 gives the results and discussion; Section 5 is the conclusion including the limitations and suggestions for further research.

2. Literature Review

The growing number of female audit engagement partners demonstrates an increased number of women in the world of work in particular in the field of accounting and auditing. Somehow, gender issues still remain a problem because of the differences, individually-speaking between men and women. Men are considered better in terms of resolving problems and conflicts within the company, while women tend to avoid those risks. On the other hand, a lot of research has pointed to evidence that women are more conservative and conscientious compared to men. According to Brandt and Laiho (2013) female leaders tend to have a leadership style based on trust and cooperation, while male leaders tend to lead based on instruction, compliance, and competition. Montenegro and Bras (2015) have argued that, in evaluating the performance of auditors individually, where there is a gender difference between men and women with similar educational backgrounds and experience, generally the female auditors have a better performance level. O'Donnell and Johnson (2001) mentioned that female auditors tend to have a better level of efficiency than male auditors in terms of information processing to provide audit judgments. Ittonen *et al.* (2013) have shown evidence that female audit engagement partners limit profit management for client companies thus increasing audit quality.

H1: Female audit engagement partners offer higher audit quality

For this hypothesis, we analyse the effect of female audit engagement partners on audit quality separating the sample data into two groups based on companies' growth, high and low. Carpenter and Petersen (2002) stated that in *high growth* companies, corporate strategy is often focused on investment activities and funding to boost future growth. Meanwhile in *low growth* companies, firm value is often created through operational efficiency and cost control (Harrigan, 1981). This indicates that there is a difference between the characteristics of firms with *high* and *low growth*, and this factor may influence the ability of audit engagement partners to improve audit quality. Montenegro and Bras (2015) have argued that, in evaluating the performance of auditors individually, where there is a gender difference between men and women with similar educational backgrounds and experience, generally, female auditors perform better. Companies with *high growth* levels are considered to be more competitive compared to *low growth* companies, thus indicating that a female audit engagement partner who has a better performance may be desirable.

H2: Female audit engagement partners offer higher audit quality in *high growth* companies

3. Methodology

3.1. Sample and data source

The sample for this research consists of all the companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. Data sources were obtained through companies' financial reports and the ORBIS database. The total sample size consisted of 1680 companies. Next, we excluded companies which are included in industry finance, insurance, and real estate (SIC 6) since it has different financial reporting conventions; this decreased the sample size by 417 . Secondly, we excluded data which were incomplete in terms of the variables required for this research; this removed a further 611 companies. After the sample selection criteria were complete, there were 652 observations representing the main sample in this research.

3.2. Variable definition

Audit quality is the dependent variable in this research, which is measured using abnormal

accruals by using a modified Jones approach. Female audit engagement partners are used as the independent variable in this research. This variable is measured using a dummy variable; companies which are audited by female audit engagement partners will be valued 1. In line with prior research (Ittonen *et al*., 2013; Montenegro and Bras, 2015; Nasution and Jonnergård, 2017; Hardies *et al*., 2014), this study uses several control variables which are firm age (FIRMAGE), loss (LOSS), big 4 (BIG4), firm size (FIRMSIZE), debt ratio (LEV), return on assets (ROA), and growth (GROWTH).). This is summarised in Table A1.

3.3. Methodology

An ordinary least square (OLS) regression model is used in this research with a *cluster model* Petersen (2009) approach. We also use *year and industry fixed effect* to control the difference between economic condition and industry characteristics.

$$AQ_{it} = a + \beta_1 FEM_{it} + \beta_2 BIG4_{it} + \beta_3 FIRMAGE_{it} + \beta_4 LOSS_{it} + \beta_5 FIRMSIZE_{it} + \beta_6 LEV_{it} + \beta_7 ROA_{it} + \beta_8 GROWTH_{it} + \beta_7 YEAR_{it} + \beta_8 INDUSTRY_{it} + \varepsilon_{it}$$

4. Results

4.1. Descriptive statistics

The definition and measurement variable used in this research is summarised in the appendix. Table 1 contains the distribution of samples based on industry group. From a total of 652 companies, 102 companies are audited by female audit engagement partners. Thus only 15.6% of companies are audited by female audit engagement partners. The industry showing more female audit engagement partners is the manufacturing sector (SIC 2).

Table 1
SAMPLE DISTRIBUTION BASED ON INDUSTRY

SIC	Female Audit Engagement Partner		Male Audit Engagement Partner		Total	
	N	%	N	%	N	%
0	3	11.1	24	88.9	27	100
1	16	19.05	68	80.95	84	100
2	39	18.75	169	81.25	208	100
3	14	9.93	127	90.07	141	100
4	10	12.82	68	87.18	78	100
5	15	22.73	51	77.27	66	100
7	5	13.9	31	86.1	36	100
8	0	0	12	100	12	100
Total	102	15.64	550	84.36	652	100

This table shows the distribution of female audit engagement partners and male audit engagement partners conducting audit engagement within corporations. The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016.

Table 2 shows the descriptive statistics table. Audit quality (AQ) has a mean value of -0.079. The control variables have mean values as follow: *leverage* has a mean of 54.6%, ROA of 2.2 and GROWTH of 53.48.

Table 2
DESCRIPTIVE STATISTICS

Variable	Mean	Median	Minimum	Maximum
AQ	-0.079	-0.047	-0.536	-0.001
FEM	0.156	0	0	1
BIG4	0.385	0	0	1
FIRMAGE	3.469	3.555	1.386	4.762
LOSS	0.179	0	0	1
FIRMSIZE	28.691	28.675	25.373	32.207
LEV	0.546	0.524	0.079	1.923
ROA	2.201	2.150	-32.140	32.500
GROWTH	53.483	0.483	-0.992	2771.324

This table shows the descriptive statistics for the sample of research data. The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. ***AQ*** is *abnormal accruals* using *modified Jones* approach model. ***FEM*** is variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0. ***BIG4*** is variable dummy, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0. ***FIRMAGE*** is natural logarithm of firm age in year. ***LOSS***is variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0. ***FIRMSIZE*** is natural logarithm of total assets. ***LEV*** is the ratio of total liabilities to total assets. ***ROA*** is net income divided by total assets. ***GROWTH*** is the difference between sales revenue at the end of period and the previous period divided by sales revenue for the previous period.

Table 3 shows the results of the Pearson correlation test. The correlation between female audit engagement partner (FEM) and audit quality (AQ) is positive; this means that companies which are audited by female audit engagement partners show higher audit quality.

Table 3
PEARSON CORRELATION MATRIX

	AQ	FEM	BIG4	FIRMAGE	LOSS	FIRMSIZE	LEV	ROA	GROWTH
AQ	1.000								
FEM	0.051	1.000							
	(0.197)								

BIG4	0.166***	0.006	1.000						
	(0.000)	(0.871)							
FIRMAGE	0.083**	-0.001	0.110***	1.000					
	(0.035)	(0.970)	(0.005)						
LOSS	-0.083**	-0.025	-0.082**	-0.124***	1.000				
	(0.035)	(0.518)	(0.035)	(0.002)					
FIRMSIZE	0.143***	0.117***	0.420***	0.109***	-0.085**	1.000			
	(0.000)	(0.003)	(0.000)	(0.005)	(0.029)				
LEV	-0.228***	-0.005	-0.079**	0.082**	0.191***	0.052	1.000		
	(0.000)	(0.900)	(0.043)	(0.036)	(0.000)	(0.187)			
ROA	0.170***	0.014	0.191***	0.094**	-0.583***	0.081**	-0.377***	1.000	
	(0.000)	(0.719)	(0.000)	(0.017)	(0.000)	(0.039)	(0.000)		
GROWTH	0.006	-0.017	0.111***	0.005	0.038	0.159***	0.028	-0.049	1.000
	(0.873)	(0.658)	(0.004)	(0.906)	(0.332)	(0.000)	(0.478)	(0.207)	

This table shows the Pearson correlation model for the whole sample of research data. The dependent variable is audit quality (AQ). The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. The level of significance is at * 10%, 5%, ** and *** 1%. ***AQ*** is *abnormal accruals* using *modified Jones* approach model. ***FEM*** is variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0. ***BIG4*** is variable dummy, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0. ***FIRMAGE*** is natural logarithm of firm age in year. ***LOSS***is variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0. ***FIRMSIZE*** is natural logarithm of total assets. ***LEV*** is the ratio of total liabilities to total assets. ***ROA*** is net income divided by total assets. ***GROWTH***is the difference between sales revenue at the end of period and the previous period divided by sales revenue for the previous period.

Table 4 shows the results of an *independent t-test* based on companies which are audited by female audit engagement partners. Table 4 shows that companies which are audited by female audit engagement partners have higher audit quality compared to companies which are audited by male audit engagement partners. The control variables such as company size, BIG4, and return on assets also have a higher mean for companies which are audited by female audit engagement partners (FEM).

Table 4
INDEPENDENT T-TEST

Variable	FEM	MALE	Coefficient	T-Value
	N=102	N=550		

AQ BIG4	-0.068 0.392	-0.081 0.384	0.013 0.009	1.291 0.162
FIRMAGE	3.467	3.469	-0.002	-0.038
LOSS	0.157	0.184	-0.027	-0.646
FIRMSIZE	29.116	28.612	0.504***	3.007
LEV	0.543	0.546	-0.004	-0.126
ROA	2.479	2.150	0.329	0.360
GROWTH	41.151	55.770	-14.619	-0.443

This table shows the independent t-test for the characteristics of the companies which are audited by female audit engagement partners and male audit engagement partners. The total sample consists of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. The level of significance is at * 10%, 5%, ** and *** 1%. ***AQ*** is *abnormal accruals* using *modified Jones* approach model. ***FEM*** is variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0. ***BIG4*** is variable dummy, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0. ***FIRMAGE*** is natural logarithm of firm age in year. ***LOSS***is variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0. ***FIRMSIZE*** is natural logarithm of total assets. ***LEV*** is the ratio of total liabilities to total assets. ***ROA*** is net income divided by total assets. ***GROWTH*** is the difference between sales revenue at the end of period and the previous period divided by sales revenue for the previous period.

4.2. Ordinary least square regression test

This research uses OLS regression analysis which controls the *year fixed effects* and *industry fixed effects* and OLS with *robust*. For the OLS model with *robust*, it uses a cluster model approach from Petersen (2009) by grouping companies based on ticker and year to estimate the regression model. Column AQ is measured using a *modified Jones* model

In testing the correlation between female audit engagement partner and audit quality, we use a regression model as follows:

$$AQ_{it} = \alpha + \beta_1 FEM_{it} + \beta_2 BIG4_{it} + \beta_3 FIRMAGE_{it} + \beta_4 LOSS_{it} + \beta_5 FIRMSIZE_{it} + \beta_6 LEV_{it} + \beta_7 ROA_{it} + \beta_8 GROWTH_{it} + \beta_7 YEAR_{it} + \beta_8 INDUSTRY_{it} + \varepsilon_{it}$$

This research also conducts an additional test to see if there is a correlation between female audit engagement partners in Big4 accounting firms and audit quality. regression models are used as follows:

$$AQ_{it} = \alpha + \beta_1 FEM_{it} + \beta_2 FEM\_BIG4_{it} + \beta_3 BIG4_{it} + \beta_4 FIRMAGE_{it} + \beta_5 LOSS_{it} + \beta_6 FIRMSIZE_{it} + \beta_7 LEV_{it} + \beta_8 ROA_{it} + \beta_9 GROWTH_{it} + \beta_{10} YEAR_{it} + \beta_{11} INDUSTRY_{it} + \varepsilon_{it}$$

First regression: to test the correlation between female audit engagement partners and audit quality also the correlation between female audit engagement partners in Big4 companies and audit quality

Table 5 shows the results of a multiple linear regression analysis. For the specifications: (1) the coefficient FEM is 0.009 (t = 1.19) indicating a positive correlation but not a significant one with audit quality; (2) the coefficient FEM_BIG4 is-0.028 (t =-2.08) shows a negative result and significance with audit quality. This means that for every 1 point increase in FEM_BIG4 then AQ will decrease by 0.028. The results show that female audit engagement partners in Big 4 companies offer a low audit quality.

The control variables such as BIG4 and FIRMSIZE on the specifications (1) and (2) show positive and significant correlations with audit quality, while LEV has a negative and significant correlation with audit quality. The value of r2 indicates that the regression models can explain the correlation between the dependent and independent variables of 11.7% and 12%.

Second regression: to test the correlation between female audit engagement partners and audit quality, and also female audit engagement partner in Big4 companies and audit quality in high growth (low growth) companies

We conducted a regression test by dividing the sample data into two groups based on company growth. The two groups of samples represent companies with *high growth* and companies with *low growth.*

Table 5
MULTIPLE LINEAR REGRESSION ANALYSIS

	Relationship Prediction	**AQ**	
		(1)	**(2)**
FEM FEM_BIG4	+ -	0.009(1.19)	0.020*(1.93) -0.028**(-2.08)
BIG4	+	0.017**(2.02)	0.021**(2.33)
FIRMAGE	+	0.013(1.20)	0.013(1.17)
LOSS	-	0.007(0.58)	0.006(0.55)
FIRMSIZE	+	0.007**(2.27)	0.006**(2.25)
LEV	-	-0.072***(-3.54)	-0.071***(-3.48)
ROA	+	0.001(1.35)	0.001(1.40)
GROWTH	-	-0.000(-0.79)	-0.000(-0.91)
_cons	?	-0.272***(-3.54)	-0.272***(-3.53)
Year Dummy		*Included*	*Included*
Industry Dummy		*Included*	*Included*
r2		0.117	0.120
N		652	652

This table shows the results of the regression using Ordinary Least Square (OLS) with *robust* for companies audited by female audit engagement partners and a variable control. The dependent variable is audit quality (AQ). The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. The level of significance is at * 10%, 5%, ** and *** 1%. This table shows the descriptive statistics for the sample of research data. The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. ***AQ*** is *abnormal accruals* using *modified Jones* approach model. ***FEM*** is variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0. ***FEM_BIG4*** is variable *dummy*, companies which are audited by female audit engagement partners in Big4 companies will be valued 1 and companies which are audited by female audit engagement partners in non-Big4 companies will be valued 0. ***BIG4***is variable dummy, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0. ***FIRMAGE*** is natural logarithm of firm age in year. ***LOSS***is variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0. ***FIRMSIZE*** is natural logarithm of total assets. ***LEV*** is the ratio of total liabilities to total assets. ***ROA*** is net income divided by total assets. ***GROWTH***is the difference between sales revenue at the end of period and the previous period divided by sales revenue for the previous period.

Table 6 shows the regression test results for each group of data. For *high growth* companies, specification (1) indicates that female audit engagement partner (FEM) has a positive significant influence on audit quality (AQ) with the value of the coefficient of 0.024 (t = 1.69) and a 10% level of significance. The results show that female audit engagement partners offer higher audit quality thus supporting the hypothesis, which suggests that companies which are audited by female audit engagement partners will have higher audit quality in *high growth* companies.

Specification (2) indicates that the variable female audit engagement partner on non-Big4 (FEM) has a positive significant influence on audit quality (AQ) with a coefficient of 0043 (t = 2.74) and a significance level of 1%. The variable of female audit engagement partner on Big4 (FEM_BIG4) has a negative significant influence on AQ with coefficients -0039 (t =-1.96) and a 10% significance level. The value of r2 on specifications (1) and (2) shows that the regression results are capable of representing 17.79% and 18.5% of the data from the total of 326 samples.

For the *low growth* companies group, specification (3) shows that the variable of female audit engagement partner (FEM) has no significant effect on audit quality (AQ) with the value of the coefficient at -0000 (t =-0.01). This means that female audit engagement partners in *low growth* companies do not have a significant influence on audit quality. For specification (4) the variable FEM_BIG4 also shows negative and insignificant correlation against AQ with a coefficient of -0033 (t =-1.5). The result means that female audit engagement partners in Big4 companies have no significant influence on audit quality in *low growth* companies. The value of r2 for the specifications (3) and (4) shows that the regression results are able to represent 19.5% and 19.1% of the data from the total of 326 samples.

Table 6
MULTIPLE LINEAR REGRESSION ANALYSIS BASED ON HIGH/LOW GROWTH COMPANIES

Variable	Relationship Prediction	AQ on *high growth* companies		AQ on *low growth* companies	
		(1)	(2)	(3)	(4)
FEM FEM_BIG4	+ -	0.024**(2.20)	0.043***(2.74) -0.039*(-1.96)	-0.000(-0.01)	0.010(0.70) -0.033(-1.50)
BIG4	+	0.034***(2.67)	0.040***(2.90)	0.011(0.86)	0.017(1.18)
FIRMAGE	+	0.049***(2.59)	0.048**(2.53)	-0.011(-1.19)	-0.011(-1.22)
LOSS	-	-0.034(-1.55)	-0.035(-1.56)	0.020(1.61)	0.019(1.53)
FIRMSIZE	+	0.001(0.39)	0.001(0.36)	0.015***(3.28)	0.014***(3.22)
LEV	-	-0.047(-1.54)	-0.041(-1.35)	-0.078*** (-2.91)	-0.078***(-2.91)
ROA	+	0.000(0.06)	0.000(0.19)	0.001(1.53)	0.001(1.52)
GROWTH	-	-0.000(-0.16)	-0.000(-0.23)	-0.008(-0.76)	-0.008(-0.69)
_cons	?	-0.262*** (-2.64)	-0.260***(-2.63)	-0.428*** (-3.28)	-0.422***(-3.23)
Year Dummy		*Included*	*Included*	*Included*	*Included*
Industry Dummy		*Included*	*Included*	*Included*	*Included*

r2		0.179	0.185	0.191	0.195
N		326	326	326	326

This table shows additional test results for the regression using Ordinary Least Square (OLS) with robust for the companies which are audited by female audit engagement partners and a control variable based on *high growth* companies (N = 326) and *low growth* companies (N = 326). The dependent variable is audit quality (AQ). The research sample consists of a total 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. The level of significance is at * 10%, 5%, ** and *** 1%. This table shows the descriptive statistics for the sample of research data. The research sample consists of a total of 652 companies listed on the Indonesian Stock Exchange (IDX) for the period 2014-2016. ***AQ*** is *abnormal accruals* using *modified Jones* approach model. ***FEM*** is variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0. ***FEM_BIG4*** is variable *dummy*, companies which are audited by female audit engagement partners in Big4 companies will be valued 1 and companies which are audited by female audit engagement partners in non-Big4 companies will be valued 0. ***BIG4***is variable dummy, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0. ***FIRMAGE*** is natural logarithm of firm age in year. ***LOSS***is variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0. ***FIRMSIZE*** is natural logarithm of total assets. ***LEV*** is the ratio of total liabilities to total assets. ***ROA*** is net income divided by total assets. ***GROWTH***is the difference between sales revenue at the end of period and the previous period divided by sales revenue for the previous period.

5. Conclusions

Companies which are audited by female audit engagement partners have a positive correlation with audit quality but are not significant in the regression test over the whole set of sample companies. These results are in line with the theory proposed by Nasution and Jonnergård (2017) and Gul *et al*.(2013) that men and women in an organisation or a job are more likely to act in accordance with the work role work, not their *gender* roles.

The second regression test found that female audit engagement partners have a positive and significant correlation with audit quality in *high growth* companies, which means *high growth* companies which are audited by female audit engagement partners have higher audit quality. That is due to the fact that *high growth* companies tend to focus on corporate strategy in investment activities and funding to improve future growth (Carpenter and Petersen, 2002). Investment activities in *high growth* companies are carried out through use of an increasing number of company assets and innovation in product development. This makes *high growth* companies more competitive in comparison to *low growth* companies. Therefore, female audit engagement partners who are engaging with *high growth* companies should need to demonstrate higher *audit effort* to produce a high audit quality. This research has offered evidence of how female audit engagement partners offer higher audit quality in *high growth* companies. This is due to the reason that female auditors are more accurate and effective in dealing with complex audit tasks (Chung and Monroe, 2001) and less affected by the explanations of unverified clients (Gold *et al*., 2009). Thus, female audit engagement partners offer a higher audit quality in *high growth* companies. The research results in additional tests also found that, in the *high growth* companies, female audit engagement partners in Big 4 companies have a negative and significant correlation with audit quality, which means they offer a low audit quality. This is due to the fact that if a problem arises at work, male employees will tend to rise to the challenge of addressing the problem, whereas female employees will tend to avoid the risks of such problems (Eagly, 1987); Big4 accounting firms are more likely have more clients with relatively big and complex companies compared to non-Big4 accounting firms.

This research offers information for public accounting companies which may be relevant to

recruitment processes or the appointment of an auditor in relation to *gender*. Public accounting companies should recruit or appoint audit engagement partners who have a high level of competency and independence and who are thus able to conduct high quality audits with clients. Future researchers may use other criteria, in addition to the *gender* of audit engagement partners, in considering the effect of audit quality, such as auditors' experience, auditors' educational background, *audit fee*, and internal factors such as the role of the *Chief Financial Officer* (CFO).

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Appendix

Table A.1.
Variable definition

Variable	Definition	Source
AQ	*Abnormal accruals* using *modified Jones* approach model.	ORBIS
FEM	Variable *dummy*, companies which are audited by female audit engagement partners will be valued 1 and companies which are audited by male audit engagement partners will be valued 0.	FR
FEM_BIG4	Variable *dummy*, companies which are audited by female audit engagement partners in Big4 companies will be valued 1 and companies which are audited by female audit engagement partners in non-Big4 companies will be valued 0.	FR
FIRMAGE	Natural logarithm of firm age in year.	ORBIS
LOSS	Variable *dummy*, companies which are suffering a loss will be valued 1 and companies which are not suffering a loss will be valued 0.	ORBIS
BIG4	Variable *dummy*, companies which are audited by Big4 companies will be valued 1 and companies which are audited by non-Big4 companies will be valued 0.	FR
FIRMSIZE	Natural logarithm of total assets.	ORBIS
LEV	The ratio of total liabilities to total assets.	ORBIS
ROA	Net income divided by total assets.	ORBIS
GROWTH	The difference between sales revenue at the end of period and the previous	ORBIS

	period divided by sales revenue for the previous period.	

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