

**THE EFFECT OF CORPORATE GOVERNANCE STRUCTURE,
BUSINESS COMPLEXITY AND BUSINESS RISK ON AUDIT FEE
(Empirical Study on Companies from 2013-2017 Listed in
Indonesia Stock Exchange)**

UNDERGRADUATE THESIS

In partial fulfillment for the requirement for the degree of Bachelor of Economics
(Sarjana Ekonomi) at Accounting Department, Faculty of Economics
and Business



Written by :

YASYFI FIA KHOLILA

20140420294

**FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA
2018**

DECLARATION

Name : Yasyfi Fia Kholila

Student Number : 20140420294

I hereby declare that this undergraduate thesis entitled “The Effect Of Corporate Governance Structure, Business Complexity And Business Risk On Audit Fee” does not consists of any content that ever being proposed for any degree in order university, ideas of any research and publication of others, in exception all quotes and ideas which are purposely taken are considered as the research references and listed in the reference list. Therefore, if any violation of intellectual right found in this study, I agree to accept any relevant academic consequences.

Yogyakarta, August 2018

Yasyfi Fia Kholila

MOTTO

*“Man Jadda Wa Jadda, Siapa yang bersungguh-sungguh pasti akan
mendapatkan”*

*“Everyone has their own journey and has their own time-zone, just be the best
version of your self and let God do the rest*

“The sky is the limit”

“Kindness won't burden you, it will lift up your happiness”

TRIBUTE

- This undergraduate thesis I present to my whole family, especially my parents Muchamad Subagiya and Umi Nurhayati who always lift up my energy and accept what I could give to them. Their unconditional loves strengthen me to achieve my goals. Thank to them who support me to be who I am today.
- Secondly, for my sisters Izza Fityani and Ela Milla Luthfia. They are cheerful sisters who always give me spirits when I sad and need supports. Their presences are gifts in my life.
- Thanks to all lecturer in Accounting Department Universitas Muhammadiyah Yogyakarta, who always taught us with their dedication.
- Thanks to my friends Aziez, Afni, Faizah, and Ghina. Their help and supports gave me energy to fulfill this obligation to finish the undergraduate thesis. Their kindness help me to face the hardships when I was in college.

ACKNOWLEDGEMENTS

First of all, let praise to Allah SWT, because of His blessing I was able to complete this undergraduate thesis. Peace and salutation always be to the Prophet Muhammad (Peace Be upon Him) over the role model altogether with his accompanies.

This undergraduate thesis entitled “The Effect of Corporate Governance Structure, Business Complexity, and Business Risk on Audit Fee” was prepared to complete undergraduate requirement that leads to Bachelor Degree of Economics (Sarjana Ekonomi) at Accounting Department, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta.

This study has been kept on track and seen through to completion with the support and encouragement of numerous people. Therefore, the author want to give special appreciation to the related parties in supporting the accomplishment of this research. In particularly there are:

1. The honorable Dr. Ir. Gunawan Budiyo, M.P., as Rector of Universitas Muhammadiyah Yogyakarta.
2. The respectable Dr. Rizal Yaya, S.E., M.Ec., Ak, CA, as Dean of Economics Faculty.
3. The respectable Dr. Ahim Abdurahim, M.Si., SAS., Ak., CA., as Head of Accounting Department for all supports, advices, guidance.

4. The respectable Ilham Maulana Saud, S.E. M.Sc. Ak., as my supervisor for all priceless helps, supports, advices, guidance, all materials and non-materials dedications.
5. My whole family members
6. My friends for all the helps and supports in finishing this thesis.

The author realizes that this thesis is far from perfection. This is due to the limitation ability and knowledge of the author. Therefore, any suggestion and constructive criticism are welcome for further improvement of this research. Lastly, the author avail herself to appeal for yet more support in the form of prayers and ideas so that the author can move forward to make this research beneficial to the society.

Yogyakarta, August 2018

CONTENTS

Title Page	i
Supervisor Agreement	ii
Authorization Page	iii
Declacaration	iv
Motto Page	v
Tribute Page	vi
Abstract	vii
Acknowledgement	viii
Contents	x
List of Table	xii
List of Figures	xiii
CHAPTER 1.....	1
A. Background	1
B. Research’s Scope	8
C. Research’s Question	9
D. Research’s Objective	9
E. Significance of Research	10
CHAPTER II	11
A. Theoretical Framework	11
1. Agency Theory	11
2. Signaling Theory	12
3. Corporate Governance	13

4. Corporate Governance Principal	14
5. Corporate Governance Structure	15
6. Business Complexity	19
7. Business Risk	20
8. Audit Fee	22
B. Previous Research and Developing Hypotheses	24
C. Research Model	31
CHAPTER III	32
A. Research's Object	32
B. Type and Source of Data	32
C. Technique of Sampling	32
D. Technique of Data Collection	33
E. Variable Operational Definition of Research	33
F. Instrument and Data Testing	37
G. Hypotheses Testing	39
CHAPTER IV	42
A. Research's Object/Subject Description	42
B. Instrument and Data Testing	43
C. Result of Research (Hypotheses Testing)	49
D. Discussion and Interpretation	54
CHAPTER V	61
A. Conclusion	61
B. Suggestion	64
C. Limitation.....	65
REFERENCES	66
APPENDIXES	69

LIST OF TABLE

Table 3.1 Credit Rating Category	36
Table 4.1 Sample Selection Procedure.....	42
Table 4.2 Descriptive Statistics Test Result	43
Table 4.3 Normality Test Result	45
Table 4.4 Multicollinearity Test Result.....	46
Table 4.5 Heteroskedastisity Test Result.....	48
Table 4.6 Autocorrelation Test Result	49
Table 4.7 Coefficient Determination Test Result	50
Table 4.8 F Value Test	50
Table 4.9 T Test Result	51
Table 4.10 Hypothesis Testing Summary	54

LIST OF FIGURE

Figure 1.1 Top Three Frauds in Indonesia	3
Figure 1.1 Research Model	31