

## Female Representative in Audit Committee and Audit Fees: Evidence from Indonesia

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### ABSTRACT

The purpose of this study is to analyze the effect of the presence of females in the audit committee on audit fees using the context of Indonesian companies. In addition, this study also discusses the positive relationship between the presence of females in audit committees that strengthens firm inherent situational factors (firm complexity and risk) on audit fees. We used the purposive sampling method; the sample consists of 300 non-financial public companies in Indonesia, with 767 observations from 2019-2021. Several econometrics techniques, including Ordinary Least Square (OLS), are used to test the multiple regression. A dummy variable measured the female representative variable: 1 if at least one female member in the audit committee, 0 if other. The audit fee variable was measured by the logarithm nature of audit fee and firm complexity and risk as indicators of inherent situational factors. The results showed no significant effect of females on the audit committee on audit fees in Indonesia. Thus, females on the audit committee will have the same effect as men on the audit committee. This study contributes to the literature by providing new evidence regarding the relationship between female presence on audit committees and audit fees.

Keywords: Audit committee, Audit Fee, Female.



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### INTRODUCTION

A firm with strong corporate governance has a lower probability of failure because of good monitoring activities from the audit committee, and it has a positive impact in reducing audit fees (Krishnan & Visvanathan, 2009). The Audit Committee is directly responsible for appointing, determining the compensation, and monitoring the external auditor (Kustodian Sentral Efek Indonesia, 2021). Therefore, there is a relationship between the role of the audit committee and the firm's audit fee (Abbott et al., 2003). Existing literature found that females are effective monitors and controllers, particularly when becoming board or committee members (Adams & Ferreira, 2009; Usman et al., 2019). Females in a strategic position in the firm are more risk-averse than men (Bertrand, 2011).

Currently, there several existing literature that is looking at the relationship between audit committee and audit fee. Itonen et al. (2010) discussed the relation between the female representative in the

audit committee and audit fees on 500 listed companies in the United States, Aldamen et al. (2018) in Australian firms, Nekhili et al. (2020) in French firms, while Alkebsee et al. (2021) in the Chinese firms. Interestingly, the results are varied. In the western societies such as US and French, it is found that there is a negative relationship between gender diversity in the audit committee with audit fees (Ittonen et al., 2010; Nekhili et al., 2020). Similarly, this result also found in Chinese firms (Alkebsee et al., 2021). Female presence in the audit committee increases monitoring and internal control of the company, thereby decreasing audit risk. In contrary, Aldamen et al. (2018) found that there is a positive impact of female presence in the audit committee and audit cost because females would require higher quality in audit and monitoring. As a result, the audit costs will also increase. In studying the relationship between female presence in the audit committee and audit fees, all above research include inherent company situational factors such as audit complexity and company risk. Alkebsee et al. (2021) found that female presence in the audit committee positively moderates the relationship between inherent situational factors and audit fees. Female who is working in a company with high inherent situational factors will demand high quality audits, thereby increasing audit costs. However, Aldamen et al. (2018) found that the presence of women on the audit committee will weaken the relationship between inherent situational factors and audit fees. Females will require more audit efforts in a company that has low audit complexity and increase monitoring activities in firms with high complexity. In conclusion, it is evident that there is a relationship between female presence in the audit committee and audit fee in the context of corporate governance.

In Indonesia, research findings related to female and audit fees also conflicting. Kramadibrata et al. (2021) found that there is a positive relationship between female directors who experience financial failure and political connections on the quality of financial reports and audit fees on non-financial companies in Indonesia. Similarly, Susanti & Harsono (2023) found a positive relationship between audit committee expertise and audit fees in Indonesian companies. On the other hand, Yuniarti et al. (2021) did not find a significant effect between director gender and audit fees. The research findings in Indonesia regarding the influence of the presence of women on audit committees and audit fees are inconclusive, making exploration related to this topic necessary to be carried out again. Despite the diverse existing literatures, very few have considered the situational inherent factors of the companies. For that reason, the topic become interesting to discuss due to the conflicting results from existing literature.

This study aims to find a relationship between the presence of women in the audit committee and audit fees in Indonesia, paying particular attention on female's role in the audit committee as one of the elements of corporate governance that affect audit costs. This research is interesting in the Indonesian context because the Financial Services Authority has not regulated the minimum number of women on the audit committee. Meanwhile, other countries, such as Australia, Canada, and the United States, have recommended gender diversity as a best practice in corporate governance (Aldamen et al., 2018). It must be acknowledged that the opportunity for women in Indonesia to occupy certain positions is not easy. Andreas (2023) found that the proportion of women on the board of directors and commissioners in public companies in Indonesia is only around 15.37%. Even though the characteristics of Indonesian women, who are sociable, caring, and multitasking, could be useful for organizations (Oktaviani, 2024). The influence of Indonesian culture, which is mostly Muslim and most of its tribes adhere to patriarchy, could make the presence of women as leaders a challenge (Oktaviani, 2024; Riantoputra & Gatari, 2017).

In line with previous studies, this article proposes that female presence in the audit committee could reduce audit risk and improve controlling activities (Alkebsee et al., 2021; Ittonen et al., 2010; Nekhili et al., 2020). With their caring and multitasking natures, women in audit committees play an important role in monitoring the firm and minimizing audit risk. As a result, the company's audit fee will decrease as auditors would not be required to put in more effort. In addition to this, companies with high audit complexity and firm risk will have a positive impact on audit fees (Simunic, 1980). Accordingly, in a company with high audit complexity and risk, the presence of women on the audit committee will moderate the positive relationship between audit complexity

and firm risk on audit fees. Furthermore, from the company's inherent situational factors, the article will identify if there are any advantages on females involvement in the audit committee as well as its interaction. It is hoped that the article could provide a contribution to the existing literature, specifically in the area of corporate governance. If this research is proven, it could have implications for regulators to consider regulations regarding the minimum proportion of women on audit committees to maximize the monitoring role in the corporate governance system.

### **Theoretical Framework and Hypothesis Development**

Simunic (1980) formulates an audit fee model consisting of firm size, firm's operational complexity, audit issues related to financial statement components, firm's industry, and firm's category. Simon & Francis (1988) later add an auditor element to the model. It is found that there is a positive impact on auditor reputation, particularly the Big Four/Eight, to the audit fees. In addition, audit fees are also influenced by monitoring or corporate governance. Monitoring can be represented through board and committee characteristics such as size, independence and financial expertise (Daily & Schwenk, 1996; Krishnan & Visvanathan, 2009; Lipton & Lorsch, 1992). The effectiveness of audit committee and board monitoring can affect audit fees (Abbott et al., 2003). Previous research implies that audit committees and audit fees are influenced by audit demand and audit supply (Abbott et al., 2003; Goodwin-Stewart & Kent, 2006; Turley & Zaman, 2004).

Looking from an audit demand perspective, an effective audit committee will require more audit effort and greater assurance to obtain better audit quality, thereby increasing audit fees (Ali et al., 2018; Rani, 2018; Vafeas & Waagelein, 2007). According to the audit supply perspective, an effective audit committee will strengthen the company's internal control. However, the strong monitoring from the audit committee, could reduce the level of control risk assessment and audit working hours from external auditors. As a result, audit fees will also decreased (Alkebsee et al., 2021; Nekhili et al., 2020; Saputra & Yusuf, 2019). The presence of females in audit committees can increase committee objectivity such as high-quality financial reporting (Al-Shaer & Zaman, 2016) and reduction of earnings management (Huang & Thiruvadi, 2010; Zalata et al., 2018).

Previous studies have shown a negative relationship between gender diversity on the audit committee and audit fees (Alkebsee et al., 2021; Ittonen et al., 2010; Nekhili et al., 2020). These findings support the audit supply theory which stated that the presence of females on the audit committee could reduce audit fees by influencing the auditor's assessment of audit risk. The reduction is due to the process of monitoring financial statements and better communication (Abbott et al., 2003; Munro & Stewart, 2011; Stewart & Munro, 2007). Such expertise often associated with female characteristics (Adams & Ferreira, 2009; Mnif & Cherif, 2020; Schubert, 2006; Triki Damak, 2018; Wood et al., 1983). The number of female members also affects the decisions and monitoring characteristics (Alkebsee et al., 2021; Dobija et al., 2022). According to critical mass theory, at least a minimum amount of representation is needed to have a significant impact. (Dahlerup, 2006; Joecks et al., 2013) found that at least 30% of a group is required to have a significant impact. The presence of a group representation that does not have a critical mass is a characteristic of tokenism. Alkebsee et al. (2021) found that firms that have more than two female members on the audit committee are more effective. Similarly, Dobija et al. (2022) found that 10%-40% is the most appropriate proportion of women on the board. When the ratio is too high, the benefits tend to decrease. Meanwhile, a good monitoring could not be achieved when the ratio is too low. In Australia, female presence in the audit committee supports the audit demand theory (Aldamen et al., 2018). The audit fee would increase because of more service requirements on external auditors. This findings will be consistent with existing literatures that found there is a negative relationship between audit committee, gender diversity and audit costs (Alkebsee et al., 2021; Ittonen et al., 2010; Nekhili et al., 2020). Moreover, existing literatures also found that female have better monitoring characteristics (Adams & Ferreira, 2009; Ain et al., 2020; Amin et al., 2022; Dobija et al., 2022; Oradi & Izadi, 2020; Tee & Kasipillai, 2022; Wang et al., 2022). In conclusion, this study assume that female presence on the audit committee will increase firm monitoring, thereby reducing audit fees supporting the audit supply argument.

Based on agency theory, monitoring has a vital role to reduce agency costs (Jensen & Meckling, 1976). The presence of females on the audit committee will mitigate agency conflict that lead to the decrease in agency costs through strict monitoring and good communication (Ain et al., 2020; Amin et al., 2022). Thus, the presence of females on the audit committee could reduce agency conflict which has an impact on audit costs through monitoring activities as females can regulate better than males (Else-Quest et al., 2006). For this reason, the presence of females on the audit committee will lead to effective monitoring and strengthen internal monitoring. It can be conclude that audit fees relationship is in accordance with the audit supply theory and the first hypothesis of the study would be:

**H1: Female presence on the audit committee negatively affect audit fees**

Audit supply theory stated that an effective audit committee will reduce audit effort by effective monitoring and strengthening internal controls (Hay et al., 2006). Thus, an effective audit committee will reduce control risk. However, inherent risks that could not be controlled will affect detection risk that drives audit efforts and affect audit costs (Duellman et al., 2015). Simon & Francis (1988) stated that a company's audit risk and complexity have a positive relationship with audit fees. A company that is at risk can expose auditors to reputational losses and leading auditors to exert more effort to avoid these losses. Therefore, firms with higher complexity spend more time and resources for auditors to examine financial statements.

Previous research has found conflicting results related to the effect of audit committee diversity on audit fees (Alkebsee et al., 2021; Hay et al., 2006; Ittonen et al., 2010; Nekhili et al., 2020; Rani, 2018; Vafeas & Waagelein, 2007). According to Krishnan & Visvanathan (2009), audit supply and audit demand are not opposing arguments and act as two complementary theories. Previous studies did not include the interaction of the two approaches of audit supply and audit demand. For that reason, this article will include the inherent firm situational factors of firm risk and audit complexity while exploring the effect of female presence on audit committees and audit fees. The idea is that an effective audit committee can reduce risk by mitigating control risk based on the audit supply perspective. However, when inherent situational factors are high, females in the audit committee will require high-quality audits to further ensure the quality of financial statements leads in high audit fees. Thus, the second hypothesis of the study is as follows:

**H2: Female presence on the audit committee strengthens the positive relationship of firm inherent situational factors on audit fees**

## METHODS

Applying the purposive sampling method, this study will use data from Indonesian companies that listed on IDX (Indonesia Stock Exchange) from 2019, 2020 or 2021. Companies in the financial sector would be excluded, including all companies with incomplete data for the needs of the dependent, independent, and control variables. As a result, there are 300 companies with 767 observations included in this study. All informations were collected from company's annual report and the Capital IQ database. To ensure the reliability and validity of capital IQ data, we performed random checks by comparing original data in annual reports. Because the differences are not material, all financial ratio data is taken from Capital IQ to maintain data consistency. Only some data that needs to be hand-collected is taken from the annual report, such as audit fee data, number of female audit committee members, audit committee education, and type of public accounting firm. We handled some outlier data using the Winsorize method (Kwak & Kim, 2017).

Table 1 shows all variables that are used in the article. As previously stated, this study will follow the existing literature using natural logarithm audit fee (AuditFee) as the dependent variable (Aldamen et al., 2018; Alkebsee et al., 2021; Ittonen et al., 2010; Nekhili et al., 2020). Audit fees are used in rupiah currency and data that reported in foreign currencies will be manually converted

into rupiah. In defining female presence in the audit committee, this study uses Female Dummy proxy that also in line with existing literature (Aldamen et al., 2018; Alkebsee et al., 2021; Ittonen et al., 2010; Nekhili et al., 2020). Inherent situational variables are measured by two indicators: firm audit complexity and risk (Aldamen et al., 2018; Alkebsee et al., 2021; Simunic, 1980). Company audit complexity is the ratio of total receivables and inventory to total assets. In contrast, company risk is the ratio of total debt to total assets. Control variables consist of audit committee education proportion (Education), firm size (Firm\_Size), return on assets (RoA), current ratio (CR), and whether the firm is audited by a Big 4 firm (Big4). In previous research, these control variables consistently have been proven to affect audit fees significantly (Simunic, 1980; Widmann et al., 2021).

**Table 1. Operationalization of Variables**

Code of Variable	Description	Measurement	Formula	Reference	Source
Audit Fee	Audit Fee	Natural log of Company Audit Fee	$\ln(Audit\ Fee)$	(Ittonen et al., 2010)	Annual report
Female Dummy	Females presence in the audit committee	1 if there is at least a female member in audit committee. 0 if none	N/A	(Aldamen et al., 2018)	Annual report
Firm Complexity	Firm's audit complexity	Total amount of inventory and receivables to total asset	$\frac{Receivable + Inventory}{Total\ Asset}$	(Aldamen et al., 2018)	Capital IQ
Firm Risk	Firm's leverage	Total debt to total asset	$\frac{Total\ Debt}{Total\ Asset}$	(Aldamen et al., 2018)	Capital IQ
Female*Firm Complexity	Interaction between AC_Female Dummy and Firm_Complexity	FemaleDummy multiplied by Firm_Complexity	FemaleDummy x FirmComplexity	(Aldamen et al., 2018)	Annual report and Capital IQ
Female*Firm Risk	Interaction between AC_Female Dummy and Firm_Risk	FemaleDummy multiplied by Firm_Risk	FemaleDummy x FirmRisk	(Aldamen et al., 2018)	Annual report and Capital IQ
Education Proportion	Audit committees education proportion	Number of audit committee members with accounting or economics degrees (or certified CPA, CMA or CFA) compared to total audit committee members.	Number of audit committee base on education background/Total audit Committee	(Aldamen et al., 2018)	Annual report
Firm Size	Firm size	Natural logarithm of total assets	$\ln(Total\ Asset)$	(Aldamen et al., 2018)	Capital IQ



RoA	Return on Asset	Net income divided by total assets	$\frac{Net\ Income}{Total\ Asset}$	(AldamenCapital IQ et al., 2018)
CR	Current Ratio	Total current assets divided by short term liabilities.	$\frac{Current\ Asset}{Short\ Term\ Liabilities}$	(AldamenCapital IQ et al., 2018)
Big4	Big 4 Audit Firm	1 if the firm's are audited by Big 4 auditors . 0 if none.	N/A	(Aldamen Annual et al., report 2018)

Source: data processed 2023

The following model will be used to find the relationship between females on the audit committee and audit fees (Model 1).

$$Audit\ Fee_{i,t} = \beta_0 + \beta_1 FemaleDummy_{i,t} + \beta_2 FirmComplexity_{i,t} + \beta_3 FirmRisk_{i,t} + \beta_4 FirmSize_{i,t} + \beta_5 Education_{i,t} + \beta_6 RoA_{i,t} + \beta_7 CR_{i,t} + \beta_8 Big4_{i,t} + \varepsilon_{i,t}$$

Meanwhile, to find the relationship between females on the audit committee and audit fees in companies with inherent situational factors, the following model was used (Model 2 and 3).

$$Audit\ Fee_{i,t} = \beta_0 + \beta_1 FemaleDummy_{i,t} + \beta_2 FemaleDummy_{i,t} * FirmComplexity_{i,t} + \beta_3 FirmComplexity_{i,t} + \beta_4 FirmRisk_{i,t} + \beta_5 FirmSize_{i,t} + \beta_6 Education_{i,t} + \beta_7 RoA_{i,t} + \beta_8 CR_{i,t} + \beta_9 Big4_{i,t} + \varepsilon_{i,t}$$

$$Audit\ Fee_{i,t} = \beta_0 + \beta_1 FemaleDummy_{i,t} + \beta_2 FemaleDummy_{i,t} * FirmRisk_{i,t} + \beta_3 FirmComplexity_{i,t} + \beta_4 FirmRisk_{i,t} + \beta_5 FirmSize_{i,t} + \beta_6 Education_{i,t} + \beta_7 RoA_{i,t} + \beta_8 CR_{i,t} + \beta_9 Big4_{i,t} + \varepsilon_{i,t}$$

This research uses four methods of analysis. First is descriptive statistics that will summarize the presentation of the data. Second, classical assumption test which consists of normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Finally, the hypothesis test consists of the F test and t test.

## RESULTS AND DISCUSSION

### Descriptive Statistics

The descriptive statistics in table 2 shows the number of observations, mean, standard deviation, minimum and maximum values of the variables used in the study. Descriptive statistics show that the audit fee variable has an average of 20.37 that equals to Rp702,390,447. Firm with the lowest audit fee value of 17.4 or equals to Rp34,500,830 is PT Gunung Raja Paksi Tbk in 2020. The firm with the highest audit fee with value of 29.83 or Rp65,400,000,000 is PT Telekomunikasi Indonesia Tbk in 2020. The female dummy variable is assessed by the presence or absence of women on the audit committee and has an average value of 48% of the total observations. AC\_Education Proportion, which is the proportion of committee education, shows that on average the company has 62% of the audit committee who are coming from accounting / economics graduates or have CPA / CMA / CFA certification.

**Table 2. Descriptive statistics**

Variable	Observation	Mean	Std Dev	Minimum	Maximum
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Audit Fee	767	20.37	1.17	17.4	23.90
Female Dummy	767	0.48	0.5	0	1
Female*Firm Complexity	767	0.23	0.33	0	0.89
Female*Firm Risk	767	0.11	0.20	0	2.58
Education Proportion	767	0.62	0.26	0	1
Firm Complexity	767	0.48	0.33	0	0.89
Firm Risk	767	0.27	0.29	0	4.31
Firm Size	767	15.11	1.6	10.29	19.32
RoA	767	-0.35	0.30	-0.58	0.59
Big4	767	0.35	0.48	0	1
CR	767	18.49	11.51	0.11	26.58

Source: data processed 2023

Firm Complexity is the audit complexity of the company which is assessed using the total amount of accounts receivable and inventory divided by total assets. The average value of audit complexity is 0.28 with a maximum value of 0.92. Firm Risk is the firm's risk assessed by the amount of leverage or firm's debt to total assets. The average value of Firm Risk is 0.32 with a maximum value of 36.46. Firm Size is the size of the company which is measured using the total assets of the company, the value has been made into a natural logarithm. Firm Size has an average value of 15.11, with a minimum of 9.5 and a maximum of 19.32. Return on Asset which is the company's total income to total assets is calculated using Net Income divided by Total Assets. The average RoA value of the observed companies is 0.01, with a minimum value of -4.38, meaning that there are still companies that experience losses, while the maximum value is 0.6. A total of 31% of the observed companies experienced losses in the current fiscal year. Finally, 35% of the observed sample is audited by Big4 auditors.

### Hypothesis Test

This hypothesis test was subjected to the classic assumption test. The model did not show symptoms of multicollinearity or autocorrelation. Using Ordinary Least Square (OLS) model, heteroscedasticity problems were found in the research data. Therefore, it will be treated using White's heteroscedasticity-corrected standard error that are also known as robust standard error (Gujarati & Porter, 2013). The regression test result in table 3 shows the relationship between the presence of females in the audit committee and audit fees. In model 1, which uses the Female Dummy proxy, the p-value is 0.340. This means that the presence of females on the audit committee has an insignificant relationship with audit fees. Therefore, the first hypothesis is rejected because there is an insignificant relationship between the presence of females on the audit committee and audit fees.

Moderating variables will be supported if there is a significant relationship in the interaction (predictor\*moderating) variable (Baron & Kenny, 1986). The significant relationship between the predictor variable and the dependent variable and the significant relationship between the moderating variable and the dependent variable are not directly conceptually relevant for analyzing moderating variables. Thus, testing the interaction variable (predictor\*moderating) is required. To determine the effect of the presence of females on the audit committee with the inherent situation of the company, moderation variables are used in models 2 and 3. Model 2 uses the Female Dummy proxy and its interaction with Firm Complexity through the Female\*FirmComplexity variable. Model 3 uses the Female Dummy proxy and its interaction with Firm Risk through the Female\*FirmRisk variable. Table 3, columns 3 and 4 provide the results related to the effect of the presence of women on the audit committee as a moderating variable on the relationship between inherent situational factors (Firm Complexity and Firm Risk) and audit fee. Female representatives in the audit committee failed to moderate the relationship between Firm Complexity and Audit Fee (p-value: 0.754). Moreover, it failed to moderate the relationship between Firm Risk and Audit Fee (p-value: 0.210). Firm Complexity variable did not show significant relationship with audit fee.

Meanwhile, Firm Risk has effect on audit fee in the model 1 and 2. Other control variables that have a significant effect on audit fees are Firm Size and Big4.

**Table 3. Result of Hypothesis Test**

	<b>Model 1 AuditFee</b>	<b>Model 2 AuditFee</b>	<b>Model 3 AuditFee</b>
FemaleDummy	-0.0496 (0.340)	-0.0745 (0.444)	-0.102 (0.117)
FirmComplexity	-0.129 (0.160)	-0.154 (0.240)	-0.127 (0.167)
FirmRisk	0.216*** (0.003)	0.216*** (0.003)	0.150 (0.129)
Female*FirmComplexity		0.0517 (0.754)	
Female*FirmRisk			0.200 (0.210)
EducationProportion	-0.0773 (0.428)	-0.0783 (0.422)	-0.0764 (0.434)
FirmSize	0.388*** (0.000)	0.388*** (0.000)	0.387*** (0.000)
RoA	0.115 (0.187)	0.113 (0.196)	0.111 (0.202)
Big4	0.961*** (0.000)	0.961*** (0.000)	0.965*** (0.000)
CR	0.00169 (0.492)	0.00166 (0.499)	0.00161 (0.511)
Constant	14.25*** (0.000)	14.27*** (0.000)	14.28*** (0.000)
Observations	767	767	767
R-squared	0.631	0.631	0.632
Adjusted R-squared	0.627	0.627	0.627
F	158.5	140.8	140.4
p-value			7.73e-155
p-values in parentheses			
* p<0.1, ** p<0.05, *** p<0.01			

Source: data processed 2023

## Discussion

Table 3 provides the results related to the effect of female presence in the audit committee in publicly listed companies in Indonesia. From the p-value, it can be seen that there is no relationship between female presence in the audit committee and audit fees. This finding would be consistent with Susanti & Harsono (2023) who found that the presence of females on the audit committee in companies in Indonesia and the proportion of women on the audit committee has an insignificant effect on audit fees and contradict with existing study that was mentioned previously. Therefore, the first hypothesis of the study was rejected due to the insignificant relationship between the presence of females on the audit committee and audit fees.

However, this study's results are not in line with previous research, which found that women's representation on the audit committee had a significant negative effect (Ittonen et al., 2010; Nekhili et al., 2020; Alkebssee et al., 2021)

The low proportion of female audit committee members causes insignificant results. As many as 48% of the companies studied had at least one woman on the audit committee. This percentage indicates that the average presence of women in the audit committee throughout research



observations is no more than one member. It means that the presence of women on audit committees in companies in Indonesia is tokenism. Tokenism is when there is no critical mass in a group, so the presence of women is considered a token, and the impact given is limited (Schwartz-Ziv, 2017).

The reason the number of women on audit committees is still small compared to men can be explained by the nature of more risk-averse women (Friedl et al., 2020; Hoang et al., 2019; Huang & Thiruvadi, 2010; Zalata et al., 2018). Auditors are often associated with litigation, business, and audit risks in their work (Ghosh & Tang, 2015). According to the International Finance Corporation (2019), there is still a stereotype that women have maternal abilities that are considered unsuitable for executive positions. Men are still considered more suitable for executive positions because they are more aggressive and confident. It aligns with the Social Role theory, which considers men to have better leadership abilities in the economic system (Eagly & Wood, 2016). According to Alkebsee et al. (2021), the influence of decision-making will be greater when there are two or more female members on the audit committee rather than one female member on the audit committee. In this study, the insignificant influence could be caused by the presence of women on the audit committee, which is tokenistic.

The test results did not find sufficient evidence that there is a significant influence between the interaction of women on the audit committee and the company's inherent situational factors on audit fees. So, the second hypothesis of this study was rejected. These results contradict previous research from Alkebsee et al. (2021), which found a significant and positive relationship, as well as previous research from Aldamen et al. (2018), which found a significant and negative relationship. So, in the Indonesian context, the presence of women on the audit committee does not affect the positive relationship between the company's inherent situational factors and audit fees.

The insignificant influence between the presence of women on the audit committee and the relationship between the company's inherent situational factors and audit fees could be caused by the tokenism of female audit committees in Indonesia. Female audit committee members in Indonesia still do not have a big influence on decision-making because their numbers are still small compared to male audit committee members. Moreover, the insignificant results could be caused by no difference between the behavior of females and men in their work on the audit committee. The audit committee is classified as an employee in the workplace so they are not associated with one gender. Thus, characteristics are more defined by their role and not defined by gender. Although men and females may behave differently in this situation, social changes have shaped the personality, behavior and physical characteristics of females to converge with those of men (Diekmann & Eagly, 2000). Thus, females have characteristics similar to men. Therefore, when females serve as members of the audit committee, there are no significant differences in behavior that ultimately affect audit fees.

Based on descriptive statistical data, only 48% of the companies studied had at least one woman on the audit committee. If the data regarding the number of women on the audit committee is averaged across all observations, then the average female audit committee member in the total data is 0.64. The average number of female audit committees in one company is less than 1. The number of female audit committees in companies in Indonesia is still relatively small, so the presence of women has not had an impact on the high and low audit fees.

The results of this research contribute to the literature because they provide new evidence that the presence of women on the audit committee does not affect audit fees. This finding shows that the small portion of women on the audit committee means that the impact of women's presence is insignificant. This finding supports the critical mass theory literature by providing evidence that the presence of one female member on the audit committee does not significantly influence decision-making that can affect audit fees. For regulators, the results of this research can provide input for making regulations regarding the minimum number of women on audit committees so that they have a greater impact on control activities in companies.

## CONCLUSION

This article discusses the effect of the female presence in the audit committee on audit fees in 300 companies that are listed on IDX from 2019 to 2021. From 767 observations, there is no significant effect of the female presence in the audit committee on audit fees. Apart from that, the second hypothesis shows that the presence of women on the audit committee does not strengthen the relationship between inherent situational factors and audit fees. The interaction between the female dummy and firm complexity and the female dummy and firm risk does not significantly affect audit fees.

There are several limitations in this study. Data on the dependent variable (audit fees) and the independent variable (female audit committee members) from this study were retrieved manually through annual reports issued by the company. Data collected manually is vulnerable to human error, especially audit fees, which are not yet required to be disclosed in Indonesia. Indonesia itself still does not have an audit fee database. Thus, the disclosure of audit fees is still not regulated and some samples publish audit fees using foreign currency so that researchers have to convert the exchange rates manually. In addition, disclosure of audit committees in Indonesia also does not require companies to publish audit committee gender or photos of audit committee members. Thus, in some cases the researcher must use judgment to determine the gender of the audit committee members. Considering that Indonesia still does not require disclosure of audit fees, future research could expand the sample to other countries requiring disclosure of audit fees. Further research can also look for countries with audit fee databases, such as the European Economic Area, the United Kingdom, and Switzerland. In addition, future research could also consider selecting a sample of countries that require disclosure of audit committee gender or photos of audit committee members to obtain a more accurate sample regarding audit committee gender.

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