

ABSTRACT

The objective of this study is to examine the impact of client industry concentration, audit quality, industry risk and the growth rate of client industry on audit market concentration in manufacturing companies listed on the Indonesia Stock Exchange 2006-2010 period. Research using purposive sampling method for taking sample. Data obtained from the publication of Indonesian Capital Market Directory and www.yahoofinance.com.

Differ to the previous study, the audit market is segmented by industry. Degree of concentration was measured using Herfindahl Index based on total number of firms. Linier regression is used to find out the impact of client industry concentration, audit quality, industry risk and the growth rate of client industry on audit market concentration.

The result of this research shown below: (1) client industry concentration, have positive and significant effect on audit market concentration; (2) audit quality have negative and significant effect on audit market concentration; (3) industry risk have negative and significant effect on audit market concentration and (4) the growth rate of client industry does not have significant effect on audit market concentration.

Keywords: audit market concentration, client industry concentration, audit quality, industry risk and the growth rate of client industry.