

Audit qualifications and corporate governance in Spanish listed firms

Juan Pedro Sánchez Ballesta; Emma García-Meca

+ [Author & Article Information](#)

Managerial Auditing Journal (2005) 20 (7): 725–738.

<https://doi.org/10.1108/02686900510611258>

Purpose

Corporate governance empirical studies have primarily focused on the effects of corporate characteristics on market value, discretionary accruals, voluntary disclosure and firm performance. Nevertheless, corporate governance characteristics and the legal system of investor protection may also influence the role of statutory auditors and the demand for audit quality. The aim of this study is to investigate the corporate governance role of external audits in the Spanish capital market context.

Design/methodology/approach

This article measures this question by considering the conflicts of interests between managers and shareholders analysed in the agency theory. This article uses a logistic regression using a matched pair design, developed with the dependent variable indicating whether the firm receives a qualified opinion, and the independent variables representing ownership concentration, board ownership, board size and family members on the board. Empirical support for this study is gathered from a sample of Spanish listed firms during the period 1999-2002.

Findings

The results support that higher insider ownership provides better corporate governance structure leading to higher quality of financial reporting and, therefore, less likelihood of receiving qualified audit reports. On the other hand, the presence of family members on the board increases the possibility of obtaining a qualified report.

Originality/value

This study focuses explicitly on the end result of the audit decision process: the presence or absence of a qualification, which is the central concern of the financial statement user.

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

[Reset password](#)

[Register](#)

ICE Member Sign In

[Log in](#)



[Access through your institution](#)

Purchased this content as a guest? Enter your email address to restore access.

Email Address

Pay-Per-View Access €35.00

 Buy This Article

Rental

This article is also available for rental through DeepDyve.

