

ABSTRACT

This study empirically examines the mediating relationship of audit quality on firm value through earnings management. Audit quality is interpreted using the measures of audit firm size, audit firm's industry specialization, audit tenure, and audit fees. The research framework employs a quantitative approach conducted on companies engaged in infrastructure and transportation sectors, publicly listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. The sample consists of 29 companies with a total of 145 data points. The study uses the statistical software Eviews 13. The results show that audit firm size, audit firm's industry specialization, and audit tenure do not have a significant effect on firm value, whereas audit fees have a positive effect on firm value. Additionally, the industry specialization of audit firms has a negative effect on earnings management, while audit firm size, audit tenure, and audit fees do not significantly affect earnings management. This study also finds a significant negative direct relationship between earnings management and firm value.

Keywords:

Audit Quality, Firm Value, Earnings Management.

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