

ABSTRACT

This study aimed to test the association between audit quality and earnings management(EM). Audit quality studies documented that accruals would reduce when the auditor is independent or the audit firm is large. Earnings management was measure by discretionary accruals use Jones Method. The population of this research is 93 companies which were listed in Indonesian Stock Exchange (IDX). The research data were collected from manufacturing companies financial statement for the period of 2013 to 2015. Based on purposive sampling method, there are 31 samples. The reseacrh hypotesis were tested using multiple regression analysis.

The results of this research show that there is no significantly positif association between audit quality and EM. Moreover, there is no significantly positif association between company that hiring a Big 4 or non-Big 4 audit firm and EM.

Keywords: Audit quality, corporate governance, earnings management, big4