

ABSTRACT

The role of audit firm and audit committee is to ensure the quality of corporate financial reporting process. The purpose of this paper is to examine the influence of audit tenure, audit firm reputation, as well as audit committee on earning quality as measured by the level of discretionary accrual.

This study used data of 51 manufacturing companies listed in IDX from 2008 until 2010. Accountancy data were collected from the financial statement of each company, while the information of audit firm size was collected from Indonesia Capital Market Directory (ICMD) and audit committee was collected from annual reports. The data were then analyzed using multiple regression analysis.

The result of this study shows that audit tenure has no significant impact on earning quality. Meanwhile, audit firm reputation and audit committee have significant impact on earning quality.

Keywords: Audit Tenure, Audit Firm Reputation, Audit Committee, Earning Quality