

WHAT AUDIT FEATURES IMPACT VALUE RELEVANCE OF ACCOUNTING INFORMATION?

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ABSTRACT

Research Purposes. The objective of this research is to ascertain how audit quality affects the value and relevancy of accounting data, where audit quality is proxied by audit company size, audit partner gender, audit fees, audit reporting delays, and auditor opinion.

Research Methods The study examining the relationship between variables using a fixed-effects model focuses on 780 non-financial corporations registered on the Indonesia Stock Exchange between 2020 and 2021, chosen through non-probability-purposive-judgment sampling techniques.

Research Results and Findings. The study's conclusions indicate that while audit fees and latency in reporting can decrease the value relevance of accounting information, public accounting firms associated with the Big Four and the presence of female audit partners can enhance it. Additionally, the auditor's opinion section yields some intriguing results, as it increases the relevance of book value while decreasing that of profit value.

ABSTRAK

Tujuan Penelitian Tujuan penelitian ini ialah mempelajari bagaimana pengaruh kualitas audit terhadap relevansi nilai informasi akuntansi, dimana kualitas audit diprosikan dengan ukuran perusahaan audit, gender partner audit, fee audit, penundaan pelaporan audit, dan opini auditor.

Metode Penelitian Berfokus pada 780 badan usaha non-keuangan yang terdaftar di Bursa Efek Indonesia dari tahun 2020 hingga 2021, studi ini menggunakan model efek tetap untuk meneliti hubungan antar variabel. Teknik pengambilan sampel menggunakan non-probability-purposive-judgment.

Hasil Penelitian dan Temuan Penelitian Hasil penelitian ini menunjukkan bahwa meskipun biaya audit dan keterlambatan pelaporan audit dapat menurunkan relevansi nilai informasi akuntansi, kantor akuntan publik yang terkait dengan big four dan keberadaan mitra audit perempuan dapat meningkatkannya. Selain itu, opini auditor memberikan hasil yang menarik, karena meningkatkan relevansi nilai buku, namun menurunkan relevansi nilai laba.

INTRODUCTION

According to a Main Street poll carried out in the United States by the Center of Audit Quality, up to 78% of investors said they had faith in accounting information that had been examined, authorized, and made public by a public accounting firm (Center for Audit Quality, 2019). Investors want information regarding significant difficulties firms encounter to be conveyed more succinctly, consistently, and fairly, according to a PricewaterhouseCoopers study of worldwide

investors (Chalmers & Picard, 2023). An unbiased, third-party or auditor's evaluation of the presented data is vital to win over investors and other financial statement consumers. Investors and corporate accountants hold auditors in high regard since their presence can improve the accuracy of financial reporting (Afif, 2017).

The audit process aims to determine and record the degree of conformance between the data and specified criteria by gathering and evaluating relevant evidence. An impartial party with the

requisite experience should do audits (Arens et al., 2017). The auditor is the one carrying out the audit. In order to enhance the quality of accounting information that the firm presents, auditors, according to Abdollahi et al. (2020), serve as a tool to identify potential inconsistencies. This helps reduce investment risk and maximizes decision-making by outside parties.

The fluctuation of a company's stock market price in the stock market reflects the decisions made by investors (Fama, 1970). Investor confidence is among the most critical factors in choosing investments, impacting the stock trading volume. Investors undoubtedly consider macroeconomic factors, stock price trends, and business fundamentals when making investment decisions (Ibrahim & Adib, 2018). Because they provide a variety of information on the financial health of a company entity, financial statements are essential tools for decision-making. According to the general goal of financial reporting, which is to deliver financial information about the reporting entity that is valuable to investors, lenders, prospective investors, and other creditors in making decisions about delivering resources to the entity, investors and capital providers can evaluate the business's prospects through financial statements and take into consideration the risks associated with the investment (International Accounting Standards, 2018). Consequently, the usefulness of these financial statements will be enhanced if they are presented in a high-quality manner, in compliance with Financial Accounting Standards, and accurately depict the situation.

Relevance, materiality, and reliable representation are three requirements to be satisfied to raise the calibre of financial statements (International Accounting Standards, 2018). If financial data has the power to affect consumers' actions and have an impact, then it may be considered relevant. The auditor and the calibre of financial reporting are two variables that influence the value and applicability of accounting information (Abdollahi et al., 2020). The presence of auditors is likely to lessen agency issues by averting the possibility of knowledge imbalance between agents and principals. The usefulness of the accounting data provided may be impacted by information asymmetry. To enable users of the financial statements to make informed decisions, the auditor is entrusted with verifying the veracity and correctness of the data provided by the agent.

Because of the asymmetry of knowledge, investors are urged to get audit reports. Auditors

must provide an impartial and qualified audit report to offer reliable financial information and an accurate assessment of the most significant parts of financial condition and profitability based on existing accounting standards, which affect stock returns. Several factors affect audit quality, such as audit size and audit opinion (Abdollahi et al., 2020), gender of the audit partner (Al-Dhamari & Chandren, 2018), audit reporting delays and audit fees (Lai, 2019).

Research on the effect of audit features on the value relevance of accounting information is essential to determine which audit features impact the usefulness of financial statements. According to Abdollahi et al. (2020), the size of the audit firm and the auditor's opinion are indicators of a company's audit quality. However, Alakari (2016) research found that audit opinion had no significant effect on stock prices. Female audit partners often reveal more important audit concerns, according to Abdelfattah et al. (2021), which can enhance auditor reporting and audit quality. On the other hand, Al-Dhamari & Chandren (2018) found that female audit partners reduce the relevance value of accounting information. Additionally, Yahaya et al. (2022) also discovered that higher audit fees correlate with higher audit quality. However, Zukbee & Williamson (2024) found that audit fees have no significant effect on the value relevance of accounting information. Delays in audit reporting impact the report's relevance in investor decision-making (Gacheru, 2018), as companies may choose to delay audit reports to avoid bad news (Alkhatib & Marji, 2012), which lowers the quality of audit reports. For this reason, audit features such as audit size and audit opinion, gender of the audit partner, audit reporting delay, and audit fees are signalled to affect the value relevance of accounting information.

A limited amount of research has been conducted regarding audit features and value relevance, with inconsistent findings. Compared to earlier research that used audit firm size and auditor opinion as proxies for audit quality (Abdollahi et al., 2020), researchers want to see comprehensively how the influence of audit features might affect the value relevance of accounting information. For this reason, three additional proxies are included in this analysis, namely the gender of the audit partner, audit fees, and audit reporting delays. The incorporation of audit quality proxies is expected to provide a more complete picture of research on how audit features

affect the value relevance of accounting information because no research comprehensively describes the effect of audit features on the value relevance of accounting information. Thus, this study aims to collect empirical data on the relationship between audit features and the relevant value of accounting information in non-financial sector companies listed on the Indonesia Stock Exchange during the 2020-2021 period.

LITERATURE REVIEW

Agency Theory

The agent and the principal are the two linked parties in agency theory. The principal is the one who hires the agent to carry out their intentions, including giving the agent permission to make decisions on behalf of the principal within the organization (Jensen & Meckling, 1976). Agency theory addresses two issues that might arise in the connection between a principal and an agent. First, competing aims between principals and agents might lead to issues (Kurvinen et al., 2016). It is challenging to guarantee compliance between the principal's desires and management's actions when the principal cannot physically oversee the agent. This may result in a conflict regarding interests between the agent and the principal, increasing the agency's cost.

The second issue concerns disparities in risk inclinations among principals and agents, potentially resulting in disparate perspectives of risks emanating from uncertainties (Kurvinen et al., 2016). Disparities in the knowledge that each person possesses can also lead to differences in behaviour. Because of their direct connection with the firm, agents are allowed access to more information; nevertheless, because of their conflicting interests, this might be detrimental to the principal (Ali, 2020). Due to this information mismatch, agents may refuse to give financial reports that do not accurately reflect the company's actual state. Investors require the assistance of a third party to examine and evaluate the integrity of accounting information provided by the firm to reduce the likelihood of agency issues. One way businesses and investors can raise the calibre of accounting information is by using auditors (Rahman et al., 2023). By reading the auditor's opinion on the financial statements, investors can be reassured that there are no substantial misstatements in the financial statements.

Value Relevance of Accounting Information

Financial statements are essential tools for

investors because they enable them to estimate return risk and the expected value of assets. The Conceptual Framework for Financial Reporting identifies adequate representation and relevance as the two primary qualitative aspects of financial statements (Ikatan Akuntan Indonesia, 2019). If financial data has the potential to influence decision-making, it is deemed relevant. The capacity of accounting statistics to condense the knowledge behind stock prices is known as the value relevance of accounting data (Francis & Schipper, 1999). Value relevance study examines the link between accounting information and the market value of stock to ascertain if data used by investors to decide accounting may accurately reflect the present value of an organization's potential financial returns (Bowerman & Sharma, 2016). Investors may make better judgments about their investments when they access pertinent financial data. As a result, the firm's stock price will represent how much investors value the disclosed financial data (Chen et al., 2020).

Attestation Services and Audit Quality

Certified Public Accountants (CPAs) offer a range of attestation services, all designed to boost the credibility of the data being presented. These services are often classified into two categories: those that seek to increase information dependability and those that provide information in a way that makes decision-making easier (Whittington & Pany, 2022). The audit process aims to determine and record the level of conformance among the data and specified criteria by gathering and evaluating information-related evidence. An impartial party with the requisite experience should do audits (Arens et al., 2017).

According to Auditing Standard Number 200, an audit aims to raise the intended users' confidence level by asking the auditor to provide an opinion regarding whether the financial statements have been prepared equally in all material respects and compliance with the relevant financial reporting framework. If the financial reports have been presented equally in all significant aspects, in compliance with that framework, the auditor expresses an opinion. These auditing standards are used while conducting audits in Indonesia (Dewan Standar Profesional Akuntan Publik, 2021).

Excellent financial statements unquestionably support the importance and usefulness of accounting information. The calibre of an organization's audit is a reflection of the calibre of

the financial statements. Since they raise the value of the accounting data, investors want clear and accurate financial statements. In order to enhance the quality of the firm's accounting data, the auditor serves as a tool to identify any potential substantial distortions. This helps reduce investment risk and improves external parties' ability to make decisions (Abdollahi et al., 2020).

Hypothesis Development

Audit firm size and the value relevance of accounting information

Audit firm size refers to a company's size. Several criteria can be used to classify audit firm size. Abdollahi et al. (2020) discovered a substantial positive correlation between audit size and the value relevance of accounting information in their research. Compared to organizations that do not belong to the Big 4, audit reports on businesses provided by public accounting firms that belong to the Big 4 are impartial, integral, and contain fewer errors.

Large, well-known audit firms also often make significant financial investments in audit technology and training to maintain their reputation for competence and trustworthiness (Abdollahi et al., 2020). Larger audit firms are believed to offer higher-quality services (Cheng et al., 2009). Large audit firms have higher resources, infrastructure, and reputation, which will improve the quality of financial reporting and the predictive capacity of reports. This will eventually boost the value and relevance of accounting information (Baffa et al., 2023).

An audit of an organization's financial statements by a major auditor offers a more impartial and accurate portrayal of accounting data, which is essential for share prices and investor decisions. Consequently, when investors place a more significant value on the information, the relevant value of accounting data that a prominent auditor has audited rises. Therefore, we formulate the following hypothesis.

H₁: Audit firm size has a positive effect on the value relevance of accounting information.

Female audit partners and the value relevance of accounting information

Gender differences are normal in today's work environment. Gender imbalance is common in almost all fields of work, including auditing. The gender gap among auditors affects the audit process and audit planning found that female auditors are more conscientious, confident, and

well-prepared, all of which raise audit fees.

Women who serve as audit partners or auditors tend to be more committed and diligent. According to Abdelfattah et al. (2021), female audit partners typically disclose significant audit concerns in greater detail. Investors' and regulators' interest in enhancing the calibre of audit reporting will rise with a more thorough disclosure of significant audit concerns. The value relevance of the accounting information provided will rise due to female audit partners, who may also enhance auditor reporting and audit quality.

When Al-Dhamari & Chandren (2018) tested the effect of auditor partner gender relevance on the value relevance of accounting information, they discovered that female auditing partners from public accounting firms among the Big 4 produced more relevant book value of equity information. Stated differently, the quality and efficiency with which female audit partners carry out their audit job raises investor trust, improves the calibre of audit reports, and ultimately increases the value relevance of accounting information. Therefore, we formulate the following hypothesis.

H₂: Female audit partners have a positive effect on the value relevance of accounting information.

Audit fees and the value relevance of accounting information

The firm pays the auditor an audit fee once the public accountant completes his audit services. The assignment's risk determines the amount given, the complexity of the services, the competence needed to complete the task, and each public accounting firm's fee schedule (Andriani & Nursiam, 2018).

High-quality audit work, as indicated by detailed audit work, is necessary to avoid audit failures. Quality audit work deserves high fees (Al-Dhamari & Chandren, 2018).

Hai et al. (2019) also found that audit fees that are suitable and appropriate for the audit work improve audit quality. Dhatu & Diana (2020); Yahaya & Onyabe, (2022) also discovered that higher audit costs are linked to higher-quality audit performance. High audit fees are a sign that auditors work more comprehensively, which increases the value relevancy of accounting data by allowing the audit conclusions to be supported by more thorough evidence. According to Hichri (2023), the value and relevancy of the accounting data provided grow directly to the company's audit fees. Investors rely heavily on accurate, trustworthy, and pertinent accounting information when making judgments in the stock market.

Therefore, we formulate the following hypothesis.
 H₃: Audit fees have a positive effect on the value relevance of accounting information.

Audit reporting delay and the value relevance of accounting information

The interval between the company's closure date and the release of the auditor's report is referred to as the audit reporting delay. The audit reporting delay can be attributed to several factors. Sometimes, businesses postpone audit results to avoid unfavourable news (Alkhatib & Marji, 2012). Timeliness is one of the four improving qualitative traits included in the Conceptual Framework for Financial Reporting. Being timely refers to providing decision-makers with information at the appropriate moment to allow it to affect their choices. Information becomes less helpful the older it gets (Ikatan Akuntan Indonesia, 2019).

According to Abdillah et al. (2019), maintaining the relevance of information in financial reports requires the timely submission of reports to investors. Investor decision-making will become less relevant if audit reporting is delayed (Gacheru, 2018). The value and usefulness of the accounting information provided may be diminished if the audit report is released after the deadline. Therefore, we formulate the following hypothesis.

H₄: Audit reporting delay negatively affects the value relevance of accounting information.

Audit opinion and the value relevance of accounting information

According to Dewan Standar Profesional Akuntan Publik (2021), an opinion is the auditor's declaration on whether the financial statements are presented truthfully in all material aspects in compliance with the framework. Independent auditors' judgments or comments on financial accounts can provide investors with correct information and foster enough trust to invest in buying business shares (Nawati et al., 2022).

The value relevance of the accounting data is significantly positively correlated with auditor opinion, according to study by Abdollahi et al. (2020), Pratiwi & Syafruddin (2022). the value relevance of the accounting data is significantly positively correlated with auditor opinion. A report on the quality of the provided financial data must be obtained once an audit of the financial statements is completed. According to Shuraki et al. (2020) when a firm presents high-quality financial statements, the auditor is more likely to offer an

unqualified opinion, which might raise the value relevance of accounting information.

It is paramount since transparent, high-quality financial data is the foundation for making the best economic decisions for investors and creditors. Investors' views on the auditor's access to confidential company data, including data used in some management or plans, may also explain the impact of the audit report on share prices (Abdollahi et al., 2020). Therefore, we formulate the following hypothesis.

H₅: Audit opinion has a positive effect on the value relevance of accounting information.

Research Model

The following is the model in this study

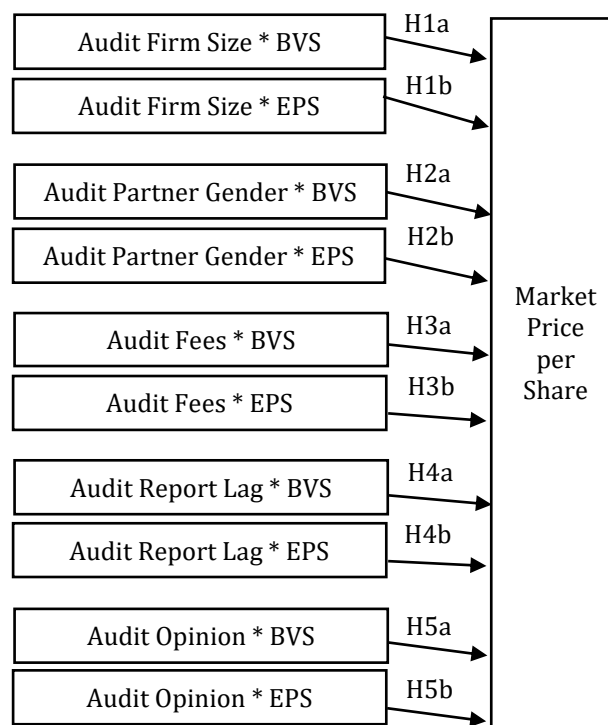


Figure 1. Research Model

RESEARCH METHODS

The non-financial sector corporate entities listed on the Indonesia Stock Exchange (IDX) for the 2020–2021 period, comprising 608 firms in 2020 and 664 companies in 2021, comprise the population under investigation. Researchers employed a non-probability-purposive-judgement sampling procedure using the following criteria in order to collect the sample that will be used in this study: (1) Throughout the study time, business entities are required to post financial reports on their official websites, either www.idx.co.id or the official website of the relevant company.; (2) The

financial statements presented must have complete data for all variables needed in the study; (3) Using the Rupiah currency as the basis for reporting; (4) Close the book on December 31; and (5) Not experiencing capital deficiency during the research period. The findings of the research sampling according to the preset criteria are displayed in Table 1.

In this study, the dependent variable is market price per share, or MPS_{it} . Value relevance of accounting information is predicted using market price per share (MPS_{it}). MPS_{it} is obtained through the closing stock market price three months after December 31 in year t .

Table 1. Research Sampling Procedures and Results

Description	Total
Non-financial sector business entities that are registered and listed consecutively on the IDX	1.082
(-)Does not publish financial statements	(66)
(-)Did not present complete data for the variables needed in the study	(128)
(-)Does not present financial statements in Rupiah currency	(44)
(-)Financial statements of companies that do not close their books on December 31st	(2)
(-)Business entities that experience capital deficiencies	(62)
Number of research samples that meet the criteria	780

Source: Research data, processed (2024)

According to Abdollahi et al. (2020), the relation between book value per share (BVS_{it}) and market price per share (MPS_{it}), or between earnings value per share (EPS_{it}) and market price per share (MPS_{it}) demonstrates the value relevance of accounting information. Referring to Abdollahi et al. (2020), the value relevance model utilized in this work is also an evolution of the value relevance model from Ohlson (1995). The value relevance of accounting information is modeled as follows by Ohlson (1995):

$$MPS_{it} = \alpha_0 + \alpha_1 BVS_{it} + \alpha_2 EPS_{it} + \epsilon_{it} \dots\dots\dots(1)$$

Where:

- MPS_{it} = Market price per share
- BVS_{it} = Book value per share
- EPS_{it} = Earnings per share
- ϵ_{it} = error

Book value per share (BVS_{it}), earnings per share (EPS_{it}), audit firm size ($BIG4_{it}$), audit partner gender ($WOMANI_{it}$), audit fees ($LNFEES_{it}$), audit report lag ($LNLAG_{it}$), and audit opinion ($OPINI_{it}$) are the independent variables that were employed in this study. A variable named book value per share displays the equity's book value divided by the total number of outstanding shares. The calculation of the book value per share variable involves dividing the entire equity of the firm by the total number of outstanding shares of common stock (Abdollahi et al., 2020). A measure of the business's net profit based on the number of outstanding shares is called earnings per share. By

dividing net income attributable to owners by the total number of common shares, one may get the earnings per share variable (Abdollahi et al., 2020).

A value of 0 indicates that the financial statements are not being audited by a public accounting firm affiliated with the Big 4, and a value of 1 indicates that they are (Abdollahi et al., 2020). Audit firm size is a dummy variable that indicates the size of the audit firm. Public accounting firms in Indonesia that are members of the Big 4 Public Accounting Firms are as follows: public accounting firms Tanudiredja, Sidharta and Widjaja, affiliated with Klynveld Peat Marwick Goerdeler (KPMG); public accounting firms Imelda and Partners, affiliated with Deloitte Touche Tohmatsu (Deloitte); and public accounting firms Purwantonono, Sungkoro, and Surja, affiliated with Ernest and Young (EY); and public accounting firm Tanudiredja, Wibisena, Rintis, and Partners affiliated with Pricewaterhouse Cooper (PwC). This variable seeks to determine how the size of the audit firm affects the value and applicability of accounting data. Public accounting firms connected to the Big Four purport to offer accounting data that is better suited for decision-making.

Audit partner gender is a dummy variable that indicates the gender of the audit partner at the Public Accounting Firm concerned, where a value of 0 is given if the audit partner is male, and a value of 1 is given if the audit partner is female (Al-Dhamari & Chandren, 2018). This variable aims to see the effect of the gender of the audit partner on the value relevance of accounting information. The existence of female audit partners is alleged to provide accounting data that is more useful for making decisions.

The natural logarithm of audit fees is used to calculate audit fees, which are costs for audit services. Professional fees that are included in the company's financial statements are used to approximate audit fees. This variable looks at the relationship between the relevance value of accounting information and the company's audit load. There is a claim that accounting data obtained at high audit fees is more beneficial for decision-making.

Audit report lag, also known as audit report delay, is computed as the natural logarithm of the difference in the number of days between the date of the audit report and the closing date of the financial statements. This variable seeks to ascertain the impact of audit reporting delays on the utility and value of accounting data. It is said that auditor reports that are released beyond the deadline are less able to offer accounting information that is more helpful for decision-making.

The audit opinion is a dummy variable that represents the auditor's opinion as stated in the audit report. It is assigned a value of 0 when the auditor expresses no opinion, an unfair opinion, or an unqualified opinion, and a value of 1 when the auditor expresses a fair opinion without providing notice or an explanation (Abdollahi et al., 2020). The purpose of this variable is to observe how the auditor's judgment affects the value and applicability of accounting information. It is believed that the auditor's view can offer accounting information that is more helpful in decision-making.

Leverage (LEV_{it}) and firm size (SIZE_{it}) are the control variables in this study. The natural logarithm of the company's total assets is used to calculate firm size, a variable that represents the size of the business at the end of the year (Mustafa et al., 2021). This variable displays the company's size in relation to its total assets. A company's perceived ability to generate pertinent accounting data for decision-making increases with its size.

By dividing total liabilities by total assets at the end of the year, leverage is a variable that represents the ratio of the company's total assets to total liabilities (Ertugrul, 2021). The quantity of corporate assets funded by debt is shown by this variable. The danger that a firm will not be able to pay off its obligations increases with its amount of leverage, which makes accounting information less appealing to investors and lowers its relevance in terms of value.

The purpose of this research is to examine how audit quality affects the value relevance of accounting information. Researchers employed multiple linear regression analysis, using the regression model as a follow-up, to assess the five

hypotheses in this study.

$$\begin{aligned}
 MPS_{it} = & \alpha + \beta_1 BVS_{it} + \beta_2 EPS_{it} + \beta_3 BIG4_{it} + \\
 & \beta_4 WOMAN_{it} + \beta_5 LNFEES_{it} + \beta_6 LNLAG_{it} + \\
 & \beta_7 OPINION_{it} + \beta_8 BVS * BIG4_{it} + \\
 & \beta_9 EPS * BIG4_{it} + \beta_{10} BVS * WOMAN_{it} + \\
 & \beta_{11} EPS * WOMAN_{it} + \beta_{12} BVS * LNFEES_{it} + \\
 & \beta_{13} EPS * LNFEES_{it} + \beta_{14} BVS * LNLAG_{it} + \\
 & \beta_{15} EPS * LNLAG_{it} + \beta_{16} BVS * OPINION_{it} + \\
 & \beta_{17} EPS * OPINION_{it} + \beta_{18} SIZE_{it} + \beta_{19} LEV_{it} + \\
 & \epsilon_{it} \dots \dots \dots (2)
 \end{aligned}$$

Where:

- MPS = Market price per share
- BVS = Book value per share
- EPS = Earnings per share
- BIG4 = Audit firm size
- WOMAN = Audit partner gender
- LNFEES = Audit fees
- LNLAG = Audit report lag
- OPINION = Audit opinion
- SIZE = Firm size
- LEV = Leverage
- ε_{it} = error

We interact the variables BIG4, WOMAN, LNFEES, LNLAG, and OPINION, with book value per share (BVS), and earnings per share (EPS), respectively. The coefficients β₈-β₁₇ capture the effect of audit firm size, audit partner gender, audit fees, audit report again, and audit opinion, on the relevance of book value and earnings value. The use of interactions in this study refers to the research of Abdollahi et al. (2020) and Al-Dhamari & Chandren (2018).

Prior to conducting hypothesis testing, researchers choose between the fixed effect model (FEM), the random effect model (REM), and the common effect model (CEM) as the optimal estimation technique to apply when regressing the research model.

RESULTS AND DISCUSSION

Result

The stock price per share is the dependent variable in the model employed in this investigation. The study's independent variables include book value per share, earnings per share, audit firm size, audit partner gender, audit fees, audit reporting delay, and auditor opinion. The research model's control variables are the company's size and leverage. After sample data for each research variable has been collected,

descriptive statistics are analyzed to provide a summary of the data sample's features. The descriptive statistical results for the research variables are displayed in Tables 2 and 3.

Table 2 shows that a total of 780 observations were used in testing the hypothesis of this study. MPS serves as the dependent variable in this study and is a measure of the value relevance of financial data. With a standard deviation of 4,150.695, Table

2 displays the average MPS value of 1.571,213. This is an indicator of the high level of value diversity in the research sample. The minimum value of MPS is 27,000, which is the stock price of Planet Properindo Jaya Tbk. in 2020, while the maximum value is 47.500,000 which is the stock price of Solusi Tunas Pratama Tbk. in 2021.

Table 2. Descriptive Statistics of Research Samples

	N	Minimum	Maximum	Mean	Std. Deviation
MPS	780	27,000	47.500,000	1.571,213	4.150,695
BVS	780	3,919	645.991,403	2.931,141	33.530,750
EPS	780	-1.363,687	60.656,354	247,849	2.767,929
BIG 4	780	0,000	1,000	0,259	0,438
WOMAN	780	0,000	1,000	0,123	0,329
LNFEES	780	17,535	29,229	21,952	1,857
LNLAG	780	1,386	6,666	4,613	0,384
OPINION	780	0,000	1,000	0,981	0,137
SIZE	780	23,160	35,939	28,145	1,845
LEV	780	0,002	0,993	0,420	0,220

Source: Research data, processed (2024)

Mitrakomunikasi Nusantara Tbk. became a Mitrakomunikasi Nusantara Tbk. became a company that had a minimum value of 3,919 for the variable book value per share (BVS) in 2021, while Urban Jakarta Propertindo Tbk. reached a maximum value of 645.991,403 in 2020. The average book value per share (BVS) of the 620 sample observations is 2.931,141 with a standard deviation of 33.530,750.

In 2020, Merck Sharp Dohme Pharma Tbk. had the lowest value of -1.363.687 for the earnings per share (EPS) variable, while Lippo Cikarang Tbk. obtained the highest value of 60.656,354 in the same year. The average earnings per share (EPS) of 780 sample observations is 247,849 with a standard deviation of 2.767,929.

The BIG 4 variable, which displays audit firm size, the financial statements that audited by the Big 4 Public Accounting Firm. The BIG 4 variable has a minimum value of 0,000, which belongs to 578 company years and a maximum value of 1,000 which belongs to 202 company years. The average BIG 4 of 780 sample observations is 0,259 with a standard deviation of 0,438.

The WOMAN variable, which displays audit partner gender, financial reports audited by public accounting firms that have female audit partners. The WOMAN variable has a minimum value of 0,000, which is owned by 684 company years and a

maximum value of 1,000 which is owned by 96 company years. The average WOMAN of 780 sample observations is 0,123 with a standard deviation of 0,329.

The LNFEES variable displays the company's audit fees. In 2020, Pratama Abadi Nusa Industri Tbk had the smallest value of 17.535; Urban Jakarta Propertindo Tbk reached the largest value of 29.229. in 2020. The average LNFEES of the 780 sample observations is 21,952 with a standard deviation of 1,857.

The LNLAG variable, which demonstrates the delay in releasing the audit report for the company, has a minimum value of 1,386 in 2021 that is owned by Gajah Tunggal Tbk. and a maximum value of 6,666 in 2020 that is attained by Bukit Uluwatu Villa Tbk. With a standard deviation of 0,220, the 780 sample observations had an average LNLAG of 4,613.

The OPINION, which displays audit opinion, the opinion that the auditor gives to the company as the result from audited their financial report. The OPINION variable has a minimum value of 0,000, which is owned by 15 years of companies and a maximum value of 1,000 which is owned by 765 years of companies. The average OPINION of the 780 sample observations is 0,981 with a standard deviation of 0,137.

The SIZE variable displays a company's size

based on its total assets.. Through descriptive statistics, it can be seen that Urban Jakarta Propertindo Tbk. in 2021 has the lowest SIZE value, namely 23,160, owned by, and the highest SIZE value, namely 35,939 owned by Tourindo Guide Indonesia Tbk. in 2020. With a standard deviation of 1,845, the average firm size (SIZE) of the 780 sample observations is 28,145.

The quantity of corporate assets that are debt-financed is displayed by the LEV variable. Descriptive statistics reveal that in 2021, Royalindo Investa Wijaya Tbk. possesses the lowest LEV value of 0,002., and the highest LEV value of 0,993 is owned by First Media Tbk. in 2021. The average leverage (LEV) of 780 sample observations is 0,420 with a standard deviation of 0,220.

Table 3. Dummy Variable Frequency

	Valued 1	Valued 0
Big 4	202 company	578 company
Woman	96 company	684 company
Opinion	765 company	15 company

Source: Research data, processed (2024)

202 firm years out of the 780 study samples had known financial statements audited by the Big 4 Public Accounting Firm; the remaining 578 years of public company financial reports have not been audited by Big 4. These descriptive statistics allow us to infer that the BIG 4 variable will be 0 more since Public Accounting Firm Big 4 does not audit many corporate financial reports.

Public accounting firm with female audit partners audited 96 company years' worth of financial statements, while a public accounting firm with male audit partners audited 578 years' worth of published business financial statements. The WOMAN variable will be 0 more since there are more corporate financial reports audited by public accounting firms that have male audit partners, according to these descriptive statistics.

The financial statements that have an unqualified or unqualified opinion with explanatory paragraphs are 765 company years, while 15 company years get an qualified opinion, unfair opinion, and do not express an opinion. From these descriptive statistics we can find out that the OPINION variable will have a value of 1 due to the greater number of company financial reports that have an unqualified or unqualified opinion with explanatory paragraphs.

Estimation Techniques Selection

The Chow test, Hausman test, and Lagrange

multiplier test were utilized by the researchers to pick the estimate methods between fixed, random, and common effect models prior to doing hypothesis testing. The estimating approach was chosen using the Eviews 12 program. The first step is to compare the common effect model (Chow test) with the fixed effect model (FEM). The FEM outperforms the common effect model when the probability value is less than 0,05 and the F value is sufficiently big (Ghozali, 2018).

Table 4. Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3,362	-389,371	0,000
Cross-section Chi-square	1.177,571	389	0,000

Source: Research data, processed (2024)

It is possible to conclude that the fixed effect model is superior than the common effect model based on Table 4's F value of 3,362 and significant results. In addition, the Hausman test is used to select between the fixed and random effect models. The Hausman test is the second step, which compares the random effect model (REM) to the fixed effect model (FEM). The random effect model outperforms the fixed effect model if the prob. chi-square value in the model has a probability value over 0,05 (Ghozali, 2018).

Table 5. Hausman Test Result

Test Summary	Chi-Sq, Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	113,138	20	0,000

Source: Research data, processed (2024)

Table 5 indicates that the fixed effect model outperforms the random effect model since the prob. chi-square value in the model is less than 0,05. The fixed effect model is thus the most appropriate estimation model to be employed in the panel data regression test in this study, according to the results of the estimation technique selection test that has been conducted.

Hypothesis Test

Table 6 displays the findings of the five investigative hypotheses, shown in variables BVS_BIG4, EPS_BIG4, BVS_WOMAN, EPS_WOMAN, BVS_LNFEES, EPS_LNFEES, BVS_LNLAG, EPS_LNLAG, BVS_OPINION, and EPS_OPINION. Table 6 demonstrates that the prob. F-stat value is less than the 0,05 significance level,

which is the threshold for significance. This number shows that the observed dependent variable is being influenced by the independent factors concurrently. Furthermore, 99,90% is the adjusted R² (coefficient of determination) for the whole research sample derived from testing the

hypothesis testing model. This demonstrates that the independent factors account for 99,90% of the variation in the dependent variable MPS, whereas variables outside the study model account for 0,1 percent.

Table 6. Panel Data Regression Analysis

Variabel	Coefficient	t-statistic	P-value
C	-24.271,880	-15,022	0,000
BVS	1,461	1,195	0,808
EPS	49,646	13,080	0,000
BIG_4	-67,522	-4,821	0,000
WOMAN	-37,174	-0,990	1,120
LNFEES	-311,035	-17,410	0,000
LNLAG	203,884	15,998	0,000
OPINION	-227,061	-0,914	1,253
BVS_BIG4	1,149	6,313	0,000
EPS_BIG4	3,482	4,331	0,000
BVS_WOMAN	0,307	3,380	0,000
EPS_WOMAN	0,960	3,717	0,000
BVS_LNFEES	-0,157	-8,904	0,000
EPS_LNFEES	-0,025	-0,178	2,982
BVS_LNLAG	-0,937	-12,789	0,000
EPS_LNLAG	-4,131	-10,358	0,000
BVS_OPINION	5,245	4,600	0,000
EPS_OPINION	-33,117	-15,036	0,000
SIZE	1.313,494	16,629	0,000
LEV	-2.079,088	-19,512	0,000
R-squared	0,999	F-statistic	13,563
Adjusted R-squared	0,999	Prob(F-statistic)	0,000

Source: Research data, processed (2024)

Discussion

The study's hypothesis is split into two sub-hypotheses to aid in testing and discussion of the main hypothesis. The research hypothesis determination and its explanation follow, and are based on the hypothesis testing findings shown in Table 6.

The Big 4 Public Accounting Firm, the company's book value per share, and profits per share value are the main subjects of the first hypothesis. According to the first hypothesis, the coefficient sign expectation for BVS_BIG4 and EPS_BIG4 is positive. This implies that the company's book value and profits value may have greater significance depending on the size of the audit firm. The BVS_BIG4 and EPS_BIG4 variables exhibit positive and significant coefficients, as demonstrated by Table 6, with a p-value of 0,000, indicating significance at the 1% significance level. Therefore, it is concluded that the importance of

book value or profit value is positively impacted by the size of the audit company, as suggested by hypotheses 1a and 1b. Stated differently, the company's book value and profits worth may be made more relevant by the financial statements audited by the Big 4 connected public accounting firm.

The findings of this investigation are consistent with those of Abdollahi et al. (2020) study, who discovered a substantial positive correlation between audit firm size and the value relevance of accounting information. One method that larger audit firms can likely preserve their reputation while offering higher-quality services is investing in audit technology and training. The findings of this study are consistent with those Setiawan & Mettan's (2023), which likewise discovered that the presence of Big 4 auditors can raise the value relevance of accounting data. Businesses that employ Big 4 public accounting

firms for audit services will likely lessen investor apprehension regarding the accounting data they provide (Le & Moore, 2023). The Big 4 public accounting firm certainly has a good reputation, allegedly more effective in identifying and preventing fraud or manipulation of financial statements. This helps reduce potential conflicts of interest between management and shareholders, which can increase the value and relevance of accounting information.

The second hypothesis focuses on the correlation between the book value per share and profits per-share value of the firm and the gender of the audit partner. Based on the second hypothesis, BVS_WOMAN and EPS_WOMAN have predictions for positive coefficient signs. This implies that the relevance of book value per share and earnings value per share may be raised in public accounting firms by having more women in partner roles. The BVS_WOMAN and EPS_WOMAN variables exhibit positive and significant coefficients, as demonstrated by Table 6, with a p-value of 0,000, indicating significance at the 1% significance level. Therefore, it is agreed upon that the relevance of book value and profits value is positively impacted by female audit partners, as suggested by hypotheses 2a and 2b. Stated differently, a public accounting firm with a female audit partner can enhance the significance of the company's book value and earnings value by auditing its financial statements.

The findings of this study are consistent with those of Al-Dhamari & Chandren (2018), who discovered that Big 4 public accounting firms' female audit partners provide more pertinent accounting data. According to Rooney (2021), female audit partners can show higher-quality audits because these professionals are more likely to be risk-averse and value their independence. They are also more adept at handling complex audit tasks and are less likely to be swayed by unreliable client explanations (Harymawan et al., 2019). Consequently, having more women as audit partners leads to better audit reports, which raises the perceived value and relevance of accounting information.

The relationship between audit fees and the value of the company's book value per share and earnings per share is the subject of the third hypothesis. The expectations for BVS_LNFEES and EPS_LNFEES exhibit good signs based on the third hypothesis that has been put out. This implies that the business's audit fees may raise the book value and earnings worth. With a p-value of 0,000, the

BVS_LNFEES variable has a negative and significant coefficient at the 1% significance level, as Table 6 demonstrates. As a result, hypothesis 3a—which contends that audit fees enhance the significance of book value—is disproved. Put another way, the greater the expenses the business bears for auditing the financial accounts, the less relevant the firm's book value is.

The findings of this investigation are consistent with those of Mohammed et al. (2018), who discovered a substantial inverse link between audit fees and audit quality, which, therefore, lessens the significance of accounting data. Because higher audit fees can boost the economic revenue of audit firms and enable auditors to overlook client involvement in reporting anomalies that arise in client financial statements, higher audit fees are typically linked to worse audit quality (Aly et al., 2023). By paying more for audit services than necessary—basically, purchasing the auditor's view—the corporation aims to enhance its audit opinion (Sangkrista, 2018). This suggests that the auditor lacks independence, which eventually lowers the audit report's quality.

The fourth hypothesis is on the correlation between the delay in audit reporting and the book value per share and earnings per share of the corporation. Based on the fourth hypothesis, BVS_LNLAG and EPS_LNLAG have expectations of a negative sign. This implies that the firm's book value and profits value may become less relevant due to a delay in audit reporting. The BVS_LNLAG and EPS_LNLAG variables exhibit negative and significant coefficients, as demonstrated by Table 6, with a p-value of 0,000, indicating significance at the 1% significance level. Consequently, it is decided to adopt hypotheses 4a and 4b, which contend that audit reporting delays adversely impact the relevance of book value and earnings value. Stated otherwise, the longer the lapse between the closure date of the firm and the release of the auditor's report, the less significant the company's book value and profits value will be.

The study's findings are consistent with Gacheru's (2018), assertion that delays in audit reporting impact investor decision-making. The quality of accounting information will decline due to delays in audit reporting, leading to delays in the release of financial reports (Pham et al., 2014). Timeliness is another qualitative aspect of improvement that is in opposition to delays in audit reporting. The usefulness of the knowledge would decline with increasing age (Ikatan Akuntan Indonesia, 2019). Delays in audit reporting can

exacerbate conflicts of interest between management and owners. Management can take advantage of this delay to hide negative information or manipulate numbers, which can reduce the value and relevance of accounting information.

The relationship between the auditor's view and the value of the company's book value per share and earnings per share is the subject of the fifth hypothesis. BVS_OPINION and EPS_OPINION have expectations of good signs based on the fifth hypothesis. This implies that the value relevance of book value per share and profits per share can be raised by the auditor with an unqualified and unqualified opinion accompanied by explanatory paragraphs. With a p-value of 0,000, or significant at the 1% significance level, Table 6 demonstrates that the BVS_OPINION variable has a positive and significant coefficient. As a result, hypothesis 5a—which states that the relevance of book value is positively impacted by auditor opinion—is accepted. On the other hand, the EPS_OPINION variable, significant at the 1% significance level, exhibits a negative and significant coefficient with a p-value of 0,000. As a result, hypothesis 5b—which contends that the relevance of profit value is positively impacted by auditor opinion—is disproved. Put differently, unqualified and unqualified views accompanied by explanatory paragraphs from the auditor might make book value more relevant while making the company's profits value less relevant.

The study's findings are consistent with those of Abdollahi et al. (2020), who discovered a strong positive correlation between auditor opinion and the value relevance of accounting information. It is said that an auditor's perspective improves the decision-making process. According to Carolina (2019) an auditor's view can encourage corporations to disclose more in the ensuing years, improving the value, relevance or usefulness of the accounting information provided. Audit opinions can help reduce the conflict of interest between management and owners. Investors can be more confident that the information presented by management is accurate and reliable, thereby increasing the value and relevance of accounting information.

However, the auditor's view needs to improve the significance of the company's profits. This might happen because solid data do not always support auditor views and are not influenced by auditors who are not impartial (Wintari et al., 2020).

According to research by Krismiaji & Sumayyah (2023) there is a favourable correlation between earnings management and auditor opinion. Getting an unqualified opinion encourages businesses to keep up their profit management strategies, lowering the importance and usefulness of accounting data.

CONCLUSION

This study looks at how the value relevance of accounting information is affected by audit quality, as determined by audit firm size, audit partner gender, audit fees, audit reporting delays, and auditor opinions, for all non-financial sector business entities listed on the Indonesia Stock Exchange between 2020 and 2021. Based on the findings of this study's hypothesis testing, it can be said that the value relevance of accounting information is significantly positively correlated with the size of the audit firm and the gender of the audit partner. Therefore, the presence of women in audit partner positions and public accounting firms affiliated with the Big Four can both raise the value relevance of accounting information. However, it has been discovered that there is a significant negative correlation between audit fees and audit reporting delays and the value relevance of accounting information; the longer the audit reporting period and the higher the audit fees, the less relevant the accounting information is. Nonetheless, intriguing results are discovered in the area of the auditor's view. It is discovered that the auditor's opinion has a significant positive correlation with the relevance of book value but a significant negative correlation with the relevance of earnings value. Stated differently, auditors' unqualified and unqualified views with explanatory paragraphs can strengthen the case for book value while weakening the case for earnings value.

The findings of this study have consequences for including indicators of investor judgment when determining the value relevance of accounting information. One aspect of the valuation process that requires consideration is the audit feature. The significance of book value and earnings is also affected differently by "unqualified" and "unqualified with explanatory paragraphs" auditor opinions, which should contribute to the judgment of financial statement users. In addition, regulators are expected to further promote the presence of women as audit partners and the accuracy and speed of audit reporting to increase the value and

relevance of accounting information. This study has several limitations, as it only focuses on companies listed on the IDX and has yet to include stock exchanges in other countries as research objects. In addition, the measurement of value relevance only focuses on using the price model and does not use other models. For this reason, future research is expected to expand the object of research by adding samples from stock exchanges in different countries. Future research is also expected to consider the use of the return model or any other model as a proxy for the value relevance of accounting information to improve the robustness of the results (Hichri, 2023).

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