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The Impact of Audit Quality on Accrual Quality: Empirical Evidence from Non-Financial Companies on the Indonesia Stock Exchange

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A B S T R A C T

This study investigates the relationship between audit quality and accrual quality in non-financial firms listed on the Indonesia Stock Exchange (2022–2024), with firm characteristics as moderating variables. Using 162 observations and Kothari's performance-adjusted discretionary accrual model, multiple regression with moderator variables was applied. Audit quality was proxied by Big 4 affiliation, audit committee size, and long-term audit relationships. The findings show mixed results: audit committee size has a significant negative effect on accrual quality, while the interaction between long-term audit relationships and firm leverage significantly improves accrual quality. Although the study is limited to a three-year period and non-financial firms, it contributes to understanding audit effectiveness in emerging markets with high information asymmetry. Practically, the results highlight the importance of audit committee quality over size and encourage firms to consider how their characteristics interact with audit quality in governance decisions. The study offers original insights by demonstrating that the audit–accrual quality relationship in Indonesia is more complex than suggested in conventional audit literature.

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INTRODUCTION

The separation of ownership and management in modern companies creates complexity in corporate governance. Kothari et al. (2005) define accrual quality as the degree to which accrual components in financial statements accurately reflect a company's actual performance, free from opportunistic earnings management, and provide relevant information for decision-making. As stated in the agency theory by Jensen & Meckling (1976), the separation of ownership and control can lead to conflicts of interest between managers and shareholders. These conflicts can affect accrual quality because managers may have incentives to manipulate accrual components for personal gain, while audit quality acts as a monitoring mechanism that can reduce such manipulation.

In Indonesia, the separation of accrual quality and audit quality presents unique and increasingly concerning challenges. Data from the Financial Services Authority (OJK) reported in the National Strategy on Indonesian Financial Literacy (SNLKI) 2021-2025 shows a 15% increase in cases of financial statement manipulation in Indonesian public companies during 2018-2022. This phenomenon is even more concerning when 40% of these cases occurred in companies audited by non-Big Four public accounting firms (KAP).

To provide a concrete illustration of the scale of this issue, several significant cases have drawn public attention. The case of PT Garuda Indonesia, which came to light in 2019, is one of the most prominent examples. According to an investigation by the OJK and the Ministry of Finance in 2018, which included potential revenue of USD 239.94 million from a contract with PT Mahata Aero Teknologi that could not be recognized as revenue during that period (OJK, 2019; The Jakarta Post, 2019). In other sectors, PT Tiga Pilar Sejahtera Food and PT Hanson International also faced similar cases, indicating that accrual quality issues remain a critical issue in the Indonesian capital market.

Research Context and Motivation

The increasing urgency of this research is inseparable from Indonesia's current process of convergence with international financial reporting standards and the strengthening of audit regulations following the implementation of the Job Creation Law. As indicated by the issuance of OJK Regulation No. 12 of 2024 concerning the implementation of anti-fraud strategies, regulators are increasingly strengthening the framework for combating financial fraud. In an increasingly complex and globally integrated business world, the quality of financial information is a determining factor in capital allocation decisions and investment risk assessment.

The selection of accrual quality as the dependent variable and audit quality as the independent variable is based on the theoretical relationship between the two, which has been proven significant in previous studies such as those conducted by DeAngelo (1981) and DeFond & Zhang (2014). The use of moderating variables in this study is based on the premise that the relationship between audit quality and accrual quality can be influenced by certain company characteristics, particularly in the Indonesian stock market, which has a high level of information asymmetry, as found in the studies by Safdar et al. (2019) and Kent et al. (2024).

Research Contributions

Based on the identification of these issues, this study is expected to contribute: (1) this study builds on the research of Soepriyanto et al. (2020) by adopting a multidimensional approach to measure audit quality, which differs from their study, which focused solely on a single dimension, namely the size of the audit firm. (2) This study continues the research of Kent et al. (2024) and (Rahman et al., 2023) by systematically investigating the interaction effects between audit quality (including long term audit relationships) and specific company characteristics in the Indonesian market, which has high information asymmetry and concentrated ownership structures. (3) This study seeks to address the gap in the phenomenon identified by Baik et al. (2023) between the theoretical expectation of improved accrual quality and the implementation of international audit standards and the empirical reality of financial statement manipulation cases that still frequently occur in Indonesia.

THEORETICAL REVIEW

Agency Theory and Asymmetric Information Issues

Agency theory, fundamentally developed by (Jensen & Meckling, 1976), explains the contractual relationship between principals (shareholders) and agents (management) where principals delegate decision-making authority to agents. In this relationship, principals and agents have different incentives that may not align. Agency problems arise when agents maximize their personal gains at the expense of principals.

In the context of financial reporting, agency problems create information asymmetry between managers and external financial statement users. Watts & Zimmerman (1986) developed positive accounting theory, which shows that accounting decisions are influenced not only by accounting standards but also by managerial incentives. Managers have incentives to manipulate accounting figures for personal gain, including increasing incentive-based compensation, avoiding debt covenant breaches, or meeting investor expectations.

Recent research by Safdar et al. (2019) and Kent et al. (2024) shows that information asymmetry remains an important factor influencing financial reporting quality in emerging markets, particularly in companies with concentrated ownership structures.

Accrual Quality and Its Measurement

Accrual components play a fundamental role in financial reporting as they allow companies to recognize the economic impact of transactions before cash flows occur. Approaches to measuring accrual quality have evolved significantly from the Jones (1991) model, which was criticized for its positive correlation between discretionary accruals and company performance.

In response to this criticism, Kothari et al. (2005) developed a model that controls for the effect of company performance by including ROA as an additional variable, resulting in a more reliable measurement. Kothari's approach represents an improvement over the Jones (1991) model by addressing the

fundamental weakness of the positive correlation between discretionary accruals and company performance.

Research in Indonesia and other emerging markets indicates that Kothari's model is more suitable for contexts with high information asymmetry and concentrated ownership structures. Recent studies by Cho et al., (2017) and Kim et al., (2024) show that accrual quality significantly impacts audit cost efficiency and auditor effort.

Audit Quality and Its Role in Corporate Governance

Audit quality is defined by DeAngelo (1981) as the probability that auditors will find and report violations in the client's accounting system. This ability depends on the competence and independence of the auditor. DeFond & Zhang (2014) expand on this definition by emphasizing that audit quality reflects a higher level of assurance that financial statements comply with generally accepted accounting principles (GAAP) and accurately reflect the underlying economic condition of the company.

Within the scope of corporate governance, external audits serve as a monitoring mechanism to reduce information asymmetry between managers and external stakeholders. Based on agency theory, external audits provide independent assurance that enhances the credibility of financial statements and reduces monitoring costs for principals Watts & Zimmerman (1986).

Research by Alzeban (2020) and Rahman et al.,(2023) shows that audit quality remains an important component in improving financial reporting quality and influencing capital costs. (Rahman et al., 2023) specifically emphasize the role of audit committees with accounting expertise in improving financial reporting quality.

Factors Influencing Audit Quality

Previous research has identified several factors influencing audit quality. The size of the accounting firm is an important indicator of audit quality. Hrazdil et al. (2024) argue that larger accounting firms have stronger incentives to provide high-quality audits because they have more clients and face greater reputational risks if they fail to disclose material misstatements.

Audit relationships duration also influences audit quality, although the direction of influences is debated. Lomger audit relationships can enhance auditor’s knowledge of clients’ operations and risks, thereby improving auditor competence. However, longer relationships may also reduce auditor independence through the development of close relationships with clients.in the context of binary measurement, companies with long erm audit relationships (typically defined as more than 3 year with the same auditor) may benefit from enhanced auditor expertise while facing potential independence concerns (Myers et al 2003; Johnson et al 2002).

Alhababsah & Alhaj-Ismail (2023) found that established relationsips between the audit committee chair and the audit partner improve accrual quality.

Audit Quality and Accrual Quality in Emerging Markets

Recent research expands our understanding of the relationship between audit quality and accrual quality. Le et al. (2021) found that companies in Vietnam audited by Big 4 firms have higher accrual quality and lower equity costs. Alduraywish (2024) reported that Saudi companies audited by the Big 4 have higher accrual quality. However, results from studies in developing countries are not always consistent.

Kabir et al., (2011) found that affiliate clients in Bangladesh have higher absolute accrual estimation errors, indicating that the impact of audit quality on accrual quality may be moderated by institutional factors.

Sumiadji et al.(2019) found that auditor size and audit tenure significantly affect earnings quality in Indonesia. Soepriyanto et al., (2020) examined the relationship between partner gender and accrual quality in Indonesia and found no significant relationship, indicating the complexity of factors influencing audit and accrual quality in Indonesia.

Hypothesis Development

Based on the literature review above, the research hypotheses are as follows:

H1: KAP size has a positive effect on accrual quality.
H2: audit committees has a positive effect on accrual quality.
H3: Long-term audit relationship a positive effect on accrual quality.
H4a: ROA moderates the relationship between KAP size and accrual quality.
H4b: Firm size moderates the relationship between Long-term audit relationship and accrual quality.
H4c: Cash ratio moderates the relationship between Long-term audit relationship and accrual quality.
H4d: Leverage moderates the relationship between KAP size and accrual quality.

METHODOLOGY

Sample Selection and Data

This study focuses on non-financial firms for methodological reasons: Financial companies have fundamentally different accrual characteristics from non-financial companies due to their unique business nature Jaggi et al., (2015). Financial companies are subject to special accounting standards and different prudential regulations, which can influence accrual analysis.

The 2022-2024 research period was chosen based on theoretical and practical considerations, in order to capture post-Covid-19 pandemic normal conditions and avoid systematic bias from the 2020 crisis period that could abnormally affect accrual quality.

Sample Criteria:

1. Non-financial companies listed on the IDX
2. Not delisted
3. Companies have shares on the main board
4. Companies that went public before 2017
5. Companies have complete data

Final Sample: 162 company-year observations over 3-year.

Variable Definition and Measurement

Dependent Variable: Accrual Quality

Accrual quality is measured using the Kothari model, with the following steps:

1. Calculation of total accruals:

TA = (ΔCurrent Assets - ΔCurrent Liabilities - ΔCash + ΔShort-term Debt - Depreciation and Amortization)/A(t-1)

2. Estimation of normal accruals:

$TA/A(t-1) = \beta_0 + \beta_1(1/A(t-1)) + \beta_2(\Delta REV/A(t-1)) + \beta_3(PPE/A(t-1)) + \beta_4(ROA) + \varepsilon$

3. Normal accrual calculation:

$NDA = \beta_0 + \beta_1(1/A(t-1)) + \beta_2(\Delta REV/A(t-1)) + \beta_3(PPE/A(t-1)) + \beta_4(ROA)$

4. Discretionary accrual calculation (DA):

DA = TA/A(t-1) - NDA

5. Accrual quality:

Accrual Quality = |DA|

Independent Variables:

Audit Quality:

KAP Size (X_1): Dummy variable (1 = Big 4 KAP, 0 = non-Big 4 KAP)

Audit Committee Members (X_2): Number of audit committee members of the company

Long-term audit relationship (X_3): Dummy variable (1= long-term relaionship>3 years with sama KAP, 0= short-term relationship)

Control Variables (Moderation)

KAP size × ROA ($X_1 \times Z_2$): Interaction between KAP size and profitability

Long-term audit relationship × Firm Size ($X_3 \times Z_1$): Interaction between long-term audit relationship and company size

Long-term audit relationship × Cash Ratio ($X_3 \times Z_4$): Interaction between long-term audit relationship and cash ratio

KAP size × Leverage ($X_1 \times Z_3$): Interaction between profitability and leverage

Mathematical Models

Model 1: $AQ = \beta_0 + \beta_3(Firm\_Size) + \beta_4(ROA) + \beta_5(Leverage) + \beta_6(Cash\_Ratio)$

Model 2: $AQ = \beta_0 + \beta_1(KAP\_Size) + \beta_2(AC\_members) + \beta_3$(long-term audit relationship) $+ \beta_4(Firm\_Size) + \beta_5(ROA) + \beta_6(Leverage) + \beta_7(Cash\_Ratio)$

Model 3: $AQ = \beta_0 + \beta_1(KAP\_Size) + \beta_2(AC\_members) + \beta_3$(long-term audit relationship) $+ \beta_4(Firm\_Size) + \beta_5(ROA) + \beta_6(Leverage) + \beta_7(Cash\_Ratio) + \beta_8(KAP\_Size \times ROA) + \varepsilon$

Model 4: $AQ = \beta_0 + \beta_1(KAP\_Size) + \beta_2(AC\_members) + \beta_3$(long-term audit relationship) $+ \beta_4(Firm\_Size) + \beta_5(ROA) + \beta_6(Leverage) + \beta_7(Cash\_Ratio) + \beta_{10}$(long-term audit relationship × Firm_sizes) $+ \varepsilon$

Model 5: $AQ = \beta_0 + \beta_1(KAP\_Size) + \beta_2(AC\_members) + \beta_3$(long-term audit relationship) $+ \beta_4(Firm\_Size) + \beta_5(ROA) + \beta_6(Leverage) + \beta_7(Cash\_Ratio) + \beta_{10}$(long-term audit relationship× cash_ratio) $+ \varepsilon$

Model 6: $AQ = \beta_0 + \beta_1(KAP\_Size) + \beta_2(AC\_members) + \beta_3(long\text{-}term\ audit\ relationship) + \beta_4(Firm\_Size) + \beta_5(ROA) + \beta_6(Leverage) + \beta_7(Cash\_Ratio) + \beta_{11}(KAP\_size \times Leverage) + \varepsilon$

RESEARCH RESULTS

Data Description

Based on the established sample criteria, this study uses 162 observations from 54 non-financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024.

Table 1. Description Data

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
cash rasio	161	-4.61	-.53	-2.0528	.94107	-.476	.191	-.716	.380
leverage	162	-2.59	-.04	-.8843	.54936	-.930	.191	.665	.379
ROA	141	.03	4.60	3.3161	.91585	-.637	.204	.050	.406
Firm size	162	2.36	3.52	3.3903	.09297	-8.589	.191	96.165	.379
long-term audit relationship	162	0	1	.45	.498	.	.	.	.
KAP size	162	.69	1.39	1.0899	.13545	-1.105	.191	4.413	.379
AC members	162	.00	3.93	1.4108	1.14494	.357	.191	-.866	.379
Accrual quality	65	-4.61	.47	-2.6367	1.30839	.297	.297	-.375	.586
Valid N (listwise)	32								

Long-term relationship indicates companies with audit relationship >3 years(45% of sample)

Classical Assumption Test

Normality Test

Table 2. Kolmogorov-Smirnov test

Test Statistic	Asymp.sig (2-tailed)	Conclusion
0,046	0,200	Normal distributed data

Multicollinearity Test

Table 3. Multicollinearity Test

Variabel	Tolerance	VIF	Status
KAP Size	0,826	1,210	No multicollinearity
AC members	0,864	1,158	No multicollinearity
Tenure	0,916	1,091	No multicollinearity
Firm Size	0,600	1,668	No multicollinearity
ROA	0,640	1,563	No multicollinearity
Leverage	0,851	1,175	No multicollinearity

All variables have VIF values < 10 and tolerance > 0.1, confirming that there are no serious multicollinearity issues between the independent variables.

Heteroscedasticity Test

Table 4. Homoskedasticity

Chi-square	df	Sig	conclusion
8,247	6	0,221	Homoskedastisitas

The significance value of 0.221 > alpha (0.05) indicates that there is no heteroscedasticity problem, so the assumption of homoscedasticity is satisfied.

Autocorrelation Test

Table 5. Autocorrelation Test

Durbin- Watson	dL	dU	conclusion
1,624	6	0,221	no autokorelasi

The Durbin-Watson value of 1.624 indicates no autocorrelation issues.

Regression Test Results

Main Regression Model

Table 6. Main Model Regression Results

Model	*R^2*	*Adjusted R^2*	*F-Statistik*	*Sig.F*
1	*0,313*	*0,148*	*1,899*	*0,121*

Table 7. Main Model Regression Coefficients

Variable	**B**	**Std.error**	**Beta**	**t**	**Sig.**	**Hypothesis**
AC members	-2.767	1.790	-.276	-1.546	.135	H2: Rejected
Long-term audit reltionship	.375	.247	.263	1.518	.141	H3: Rejected
Firm size	-.049	.297	-.035	-.164	.871	
ROA	1.226	.600	.423	2.042	.052	
Leverage	.462	.299	.278	1.546	.135	

Stepwise Regression Test

Table 8. Regression Results with Moderating Variables

Model	*R^2*	*Adjusted R^2*	*F-Statistik*	*Sig.F*
6	*0,510*	*0,415*	*5,405*	*0,002*

Table 9. Multiple Regression Coefficients with Interaction

Variable	**B**	**Std.error**	**Beta**	**t**	**Sig.**	**Hypothesis**
AC members	-3.418	1.435	-.341	-2.382	.025	H2: rejected
KAP size x leverage	-10.512	4.584	-1.294	-2.293	.030	H4: rejected
Long-term audit relationship x leverage	.363	.114	.496	3.190	.004	H4: accepted

DISCUSSION

Big 4 CPA Firm Size and Accrual Quality

The mixed results regarding the effect of Big 4 CPA firm size on accrual quality in Indonesia are consistent with findings from other developing countries. Kabir et al., (2011) also found that Big 4 CPA firm affiliation did not have a uniform positive impact on accrual quality in Bangladesh, suggesting that the Big 4 premium may be less pronounced in markets with weak institutional environments and high information asymmetry.

The absence of a significant positive relationship between Big4 affiliation and accrual quality in Indonesia may also reflect the institutional environment's influence on audit effectiveness. According to Safdar et al. (2009),emerging markets characterized by high information asymmetry and concentrated ownership structures may diminish the traditionalBi4 premium observed in developed markets. This finding aligns with the contingency theory perspective, suggesting that audit quality mechanisms must be adapted to locaal institutional contexts rather than assuming universal applicability (Kent et al.2024)

Furthermore,the mixed results may indicate that Indonesia companies' choice of big 4 auditors could be driven more by regulatory compliance or signaling purpose rather than genuine demand for higher audit quality,as suggested by Jansen andMeckling's (1976).

Audit Committee Size

The negative relationship between the number of audit committee members and accrual quality is counterintuitive but not unprecedented. Rahman et al.(2023) emphasize that the effectiveness of audit committees depends more on the quality of members (especially accounting and financial expertise) than on quantity. The results of this study suggest that companies in Indonesia may focus on compliance with regulatory requirements for audit committee composition rather than ensuring substantive oversight capabilities.

This finding is consistent with An (2023), who found that audit committee activities and expertise are more important than size in improving audit quality in Korea. Negative coefficients may reflect coordination costs and decision-making inefficiencies in larger committees, as suggested by corporate governance literature.

The counterintuitive negative relationship between audit committee size and accrual quality provides important insights into the governance performance relationship in Indonesia's corporate environment. This finding resonates with Watts and Zimmerman's (1986) positive accounting theory, which suggests that accounting choices are influenced by contracting costs and regulatory pressures rather than purely economic efficiency considerations. The negative coefficient may reflect what Rahman et al. (2023) describe as the "check-the-box" mentality, where companies focus on meeting regulatory requirements for audit committee composition without ensuring substantive oversight capabilities.

Moreover, this result supports the view that larger committees may suffer from coordination problems and diffusion of responsibility, consistent with corporate governance literature that emphasizes quality over quantity in board

effectiveness (Alzeban, 2020). The finding suggests that Indonesian companies may benefit more from having fewer, but more qualified and engaged audit committee members, particularly those with accounting and financial expertise, as emphasized by Rahman et al. (2023) in their analysis of audit committee

Moderating Effects of Firm Characteristics

The significant moderating effects observed in this study support the contingency perspective on audit quality effectiveness. The positive interaction effect indicates that the benefits of long-term audit relationships on accrual quality increase under certain firm characteristics, which may be related to the auditor learning effects documented by Lim & Tan (2010)dan Alhababsah & Alhaj-Ismail, (2023).

The negative interaction effect indicates that the relationship between KAP size and accrual quality is more complex and depends on specific firm characteristics. This is consistent with recent findings by Kim et al. (2019), which show that the effectiveness of risk-based audit approaches depends on efficient pricing mechanisms in the audit market.

The significant positive interaction effect between long-term audit relationships and firm leverage (β=0.363, p=0.004) provides nuanced insights into audit relationship dynamics. This finding supports Myers et al. (2003) and Johnson et al. (2002), who argue that longer audit tenures can enhance audit effectiveness through improved auditor knowledge of client operations and risks. The positive moderating effect suggests that highly leveraged firms particularly benefit from the accumulated knowledge and expertise that auditors develop over extended engagements.

However, this relationship must be interpreted within the context of auditor independence concerns. While Lim and Tan (2010) demonstrate that auditor tenure can improve audit quality through industry specialization and client-specific knowledge, the interaction with leverage suggests that the benefits may be most pronounced for firms with complex financial structures that require deeper understanding of business risks and financial reporting challenges.

The negative interaction between KAP size and leverage further complicates the traditional view of Big 4 superiority. This finding may reflect what Hrazdil et al. (2024) describe as the differential pricing and service delivery mechanisms employed by large audit firms, where the expected premium may not materialize uniformly across all client characteristics, particularly in emerging market contexts where institutional factors play a significant role.

Implications for Emerging Markets

These findings have important implications for understanding audit effectiveness in emerging markets. The research results suggest that the simple adoption of international audit standards and Big 4 auditors may not automatically improve financial reporting quality without considering audit relationship characteristics and specific company factors.

This study contributes to the literature by providing evidence that the effect of audit quality depends on firm characteristics and institutional factors, consistent with recent research by Safdar et al., (2019) and (Kent et al., 2024),

which emphasizes the importance of context-specific factors in determining audit effectiveness.

CONCLUSION AND RECOMMENDATION

This study examines the relationship between audit quality and accrual quality in non-financial companies in Indonesia, with company characteristics as a moderating variable. Based on an analysis of 162 company observations, several important conclusions emerge:

First, the relationship between audit quality and accrual quality in Indonesia is more complex than suggested by traditional audit quality literature. Unlike findings in developed markets, Big 4 accounting firms do not consistently show a direct positive influence on accrual quality, indicating that institutional and market factors significantly influence audit effectiveness.

Second, the number of audit committee members shows a negative relationship with accrual quality, indicating that quantity does not replace quality in the effectiveness of audit committees.

This finding emphasizes the importance of focusing on the expertise and activities of audit committees rather than merely meeting size requirements. Third, a significant moderating effect shows that the relationship between audit quality (including long-term audit realtionships) and accrual quality depends on specific company characteristics. This supports the contingency theory perspective, where audit effectiveness depends on the alignment between audit mechanisms and company characteristics.

These findings contribute to the growing body of literature that challenges the universal applicability of audit quality measures across different institutional contexts. The results align with DeAngelo's (1981) seminal work on auditor size and audit quality, but extend it by demonstrating that the relationship is contingent upon firm-specific characteristics and institutional factors. The evidence suggests that the effectiveness of audit mechanisms in emerging markets like Indonesia requires a more nuanced understanding that goes beyond traditional binary classifications of audit quality.

The study's findings also support the call by DeFond and Zhang (2014) for more context-specific research in audit quality, particularly in emerging markets where information asymmetry and concentrated ownership structures create unique challenges for audit effectiveness. The interaction effects observed in this study provide empirical support for the contingency theory of audit quality, suggesting that the design and implementation of audit mechanisms should consider the specific characteristics of both the firm and the institutional environment.

Theoretical Contributions

This study contributes to the audit quality literature by providing evidence from the context of emerging market countries that are experiencing rapid economic growth and showing that the relationship between audit quality and accrual quality is contingent on institutional and firm-specific factors.

Practical Implications

The results suggest that regulators should focus on the quality of audit committees rather than their quantity, and companies should consider how their specific characteristics interact with audit quality measures when making governance decisions.

From a regulatory perspective, these findings suggest that Indonesian financial regulators should consider moving beyond one-size-fits-all approaches to audit regulation. As indicated by the OJK's anti-fraud strategy implementation (OJK Regulation No. 12 of 2024), regulatory frameworks should incorporate firm-specific factors when evaluating audit effectiveness. The evidence supports Baik et al.'s (2023) observation that the implementation of international audit standards must be adapted to local institutional contexts to achieve desired improvements in financial reporting quality.

For audit firms operating in Indonesia, the results suggest that the traditional Big 4 premium may not automatically translate to superior audit outcomes without considering client-specific characteristics. This finding has implications for audit pricing strategies and service delivery models, particularly for clients with complex leverage structures where long-term relationships appear to enhance audit effectiveness (Alhababsah & Alhaj-Ismail, 2023).

FURTHER STUDY

This study is limited to non-financial companies over a three-year period, which may limit generalizability. Future research should examine longer time periods and include financial companies to provide a more comprehensive understanding of audit quality effectiveness in emerging markets.

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