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Audit Quality and Earnings Management: Empirical Evidence from Indonesia

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The Impact of Audit Quality, Discretionary Accruals, and Earnings Management on Audit Firm Size: A Comparison Between Big 4 and Non-Big 4 Firms

ABSTRACT



Purpose: This study investigates the impact of audit quality, company size, leverage, sales growth, and return on assets (ROA) on discretionary accruals, a key measure of earnings management, among Indonesian firms.

Methods: Using a sample of 4,723 firms from Indonesia over the period 2020-2023, we applied multiple regression analysis

Findings: The results indicate that audit quality, as represented by Big4, is significantly associated with a reduction in discretionary accruals, suggesting that higher audit quality constrains earnings manipulation. Larger firms exhibit lower discretionary accruals, consistent with the notion that bigger firms are subject to more scrutiny. Sales growth is positively associated with discretionary accruals, indicating that firms under growth pressure are more likely to engage in earnings manipulation. Leverage and ROA did not show significant effects on discretionary accruals in this sample, indicating that these factors may have less influence on earnings management practices compared to audit quality and firm size.

Novelty: This study contributes to the literature by providing empirical evidence from an emerging market context, specifically Indonesia, highlighting how audit quality and firm characteristics influence earnings management practices. It extends previous research by focusing on the specific dynamics of Indonesian firms during a recent period

Implications: The findings suggest that improving audit quality and enhancing transparency for larger firms can mitigate earnings management. Policymakers and regulators in Indonesia should consider strengthening audit regulations and oversight to ensure higher audit quality, which could improve financial reporting integrity. Further research could explore the impact of other factors on earnings management and compare findings across different emerging markets.

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1. Introduction

In recent years, financial markets have become increasingly globalized with the flow of capital across borders soaring at rates that are unprecedented: this creates significant opportunities as well as challenges for firms worldwide. Globalization of economies has promoted interconnectivity on the economic front, opening markets from all parts to each other and as such heightened competition among companies for good returns in their financial. One of the more popular strategies that we've heard about fairly frequently is earnings management, which involves firms manipulating financial statements to represent a healthier balance sheet. It is a practice that has been seen particularly frequently in emerging markets such as Indonesia,

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with potentially looser regulatory frameworks and higher levels of market volatility. Martínez Banerjee, and García-Sánchez (2016) show that the pressure to comply with investor expectations has resulted in an increase of earnings management due to increased globalization. An, Li, and Yu (2016) argued that firms with lower investor protection and more opaque financial reporting are likely to manage earnings widely. On the one hand, in Indonesia... rapid economic growth and growing foreign investment mean that companies are operating in a dynamic corporate environment while on the other they may face strong incentives to manage earnings illicitly (Neilson et al. 2020). Taken together, these factors imply that the demand for robust audit may be much more significant in maintaining a disciplined environment to ensure financial disclosure (Kateb 2024).

One important issue that embodies the practice of earnings management is within corporate governance and financial reporting (Siregar and Utama 2008). The practice can be applied to the framework of accounting standards but is in close line with moral hazard generating misinformation and possible negative assessment for investors and stakeholders (Camfferman and Wielhouwer 2019). But the real crux of the matter is management's focus on short-term goals, which runs counter to what is best for the company and its shareholders in a more sustained sense (Smith and Rönnegard 2016). Moreover, as a way of manipulating financial information so that firms either meet or exceed market expectations and secure executive bonuses (Core 2020), managers might also commit earnings management distortion the true picture of their actual economic status. In environments where audit quality is low due to the non-independence of auditors in client relationships or big4/non-big4 offices, and no strong oversight from regulators, this issue becomes even more pronounced (Chang, Li, and Luo 2022). El Diri (2020) argue that earnings management misrepresents the actual performance of a business entity and may drive long-run chaos in their finances. Chen et al. (2018) According to Petacchi and Venkateshwaran (2018), earnings management has the potential of demolishing investor confidence which could create wider market circumstances that are not beneficial. Within Indonesia, the matter is one of immediate importance as firm corporate governance practices and financial regulatory development remain in their infancy thus a need to look at an area that could bring stability in local/shared markets while protecting investors.

Agency theory represents the main portion of this study, as it examines to such an extent that how managers (agents) and shareholders (principals). With respect to Jensen and Meckling (2019), agency theory states that managers do not necessarily behave in the interest of their shareholders, specifically when they deviate from shareholder's incentives due to mismatches with their personal objectives. Oftentimes this misalignment results in earnings management which is when managers adjusts financial investments so that they gain personal or organizational goals but does not always result in investor value creation. Another component in the theory argues that audit quality is necessary to solve agency conflicts because it makes financial statements reflect a true picture of the company's health status, thus reducing information asymmetry between shareholders and management (Alzoubi 2016). Elghuweel et al. (2017) also contribute to this literature by emphasizing the role of monitoring mechanisms, such as high-quality audits, in mitigating management opportunism. Thus, agency theory framework would bring an understanding of how audit quality supposed to have a relationship with earnings management within business and capital market environment generally but more specifically in Indonesia which governance structure still need refining.

The importance of studying audit quality and earnings management relationship in Indonesia is established by the growing complexity of business, dynamic environment as well as potential threats relating to financial misreporting. The majority of prior literature about audit delays are undertaken within developed market settings, where the regulatory and institutional framework is more established than that in emerging economies such as Indonesia. This gap is hardly remarkable for the studies that examine audit mechanisms in detecting and preventing earnings management practices by non-listed firms, which have become a large part of Indonesia's corporate sector. Alzoubi (2016) Houque (2017) Evidence on this front is scarce though, with most of the available research concentrating primarily on large publicly traded companies in developed

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markets (Aguilera and Crespi-Cladera 2016). However, studies in emerging markets show that interaction between audit quality and earnings management can vary due to differences in regulatory environments, market maturity level and audit firm characteristics (Habbash and Alghamdi 2017; Imen and Anis 2021; Ismael and Kamel 2021). Turkey performances of auditing service others are also found out similar result like Ismael & Kamel (2021). Moreover, the evidence on whether big audit firms Big4 always produce a higher degree of audit quality than small ones is inconclusive. Regarding agency theory perspective, the Big 4 auditors are assumed to supply high-quality audit service compared with non-Big 4 auditors because of their reputation and resources (El Ghoul, Guedhami, and Pittman 2016). Alternatively, Boone et al. (2010) argue that audit quality is not solely the result of firm size but also varies my other factors including auditor independence and expertise which are consistent with (Ghafran and O'Sullivan 2017). The Indonesian context tends to differ substantially from more developed markets, so this study aims to fill those gaps by examining the issue of audit quality and managing earnings. Abstract This research investigates the relationship between audit quality and earnings management in Indonesian non-listed companies as part of an incremental effort to provide empirical evidence that can be used for a more useful discussion regarding whether new legal rules on auditors due diligence or accounting regulation will enhance corporate governance practices within Indonesia.

The main purpose of this study is to examine the effect of audit quality on earnings management in non-Big 4 companies listed in Indonesia with a more specific focus by analyse whether Big 4 and auditing institute affect that relationship. This study investigates whether higher quality audits as proxied by the size and reputation of an audit firm is associated with lower earnings management incentives. Futhermore, it attempts to offer scientific results concerning audit practices in emerging economies alongwith completing the civilisation of accounting and accountability on financial reporting Indonesia.

2. Theoretical Background and Hypothesis Development

2.1 Theoretical Background

Earnings management is a comprehensive and interdisciplinary topic, which has been deeply explored in accounting as well as finance. As per Ghazali, Shafie, and Sanusi (2015) earnings management is when the managers use their discretion in financial reporting as well as alter the structure of transactions to change or bend the reported accounting measures which either deceives shareholders about true economic performance of company and contractual outcomes built upon accounting numbers. The role of management in determining the financial results, and how that is different from earnings manipulation per se (Li and Zaiats 2017).

The concept of earnings management is further categorized (Cornett, McNutt, and Tehranian 2009), who describe it as a spectrum ranging from beneficial to pernicious. Beneficial earnings management can signal long-term value, while pernicious earnings management conceals value and is often deceptive. Neutral earnings management is seen as revealing the true short-term performance of the company (Arya, Glover, and Sunder 1998). This categorization illustrates the varying degrees of earnings management and its potential impact on financial transparency (Lo, Ramos, and Rogo 2017).

The differentiation between "white," "gray," and "black" earnings management provides a more granular view of the practice. White earnings management is seen as beneficial and enhances transparency, while black earnings management involves outright fraud and misrepresentation. Gray earnings management occupies the middle ground, where the manipulation of financial reports is within legal boundaries but may still be opportunistic or efficiency-enhancing (Vladu, Amat, and Cuzdriorean 2017). This tripartite classification emphasizes the ethical and value-laden judgments involved in financial decision-making (Pereira and Alves 2017a, 2017b).

Measuring earnings management is another critical aspect of understanding its implications. (Dechow and Dichev 2002) point out that recognizing, identifying, and measuring earnings management is inherently

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challenging due to the subjective nature of managerial judgments. Discretionary accruals have been widely used in the literature as a proxy for earnings management, as they represent the portion of accruals that management has control over and can manipulate. The Jones (1991) model and its modified version by Dechow et al. (1995) are the most commonly used models for detecting earnings management through accruals. These models decompose total accruals into discretionary and non-discretionary components, allowing researchers to identify abnormal accruals that may indicate earnings manipulation (Larson, Sloan, and Zha Giedt 2018).

There is now a rich theoretical foundation that has been laid by these studies, which essentially provides an overall understanding of earnings management. Managers have some scope for discretion in the manipulation of earnings and we also discuss recent literature on this point as well as important ethical issues regarding making firms commit to them that go along hand-in-hand with it. These considerations show up toward the end when we examine how one goes about detecting (and measuring) tucking and stuffing behavior. Such background are necessary to be able make hypotheses about the link between audit quality and earnings management, particularly in developing countries such as Indonesia with its' young regulatory environment framework development history on corporate governance.

2.2 Hypothesis Development

Extensive research has been conducted on the relationship between audit quality and earnings management, but there are inconsistent results regarding this issue in various contexts. By allowing financial statements to more closely represent the actual condition and performance of a business, higher-quality audits are expected to decrease opportunities for earnings management. The linkage between the size of audit firms, especially if these are Big 4 files and audit quality (Alareeni 2019). The common belief is that audit quality increases with firm size, as larger firms have more resources and expertise (DeAngelo 1981) along with their greater reputational concerns.

Nonetheless, the impact of audit quality on earnings management is likely to differ across context. This aspect is particularly important, especially in emerging markets like Indonesia, where regulatory oversight might be more lenient and corporate governance less institutionalized (Boachie and Mensah 2022). Evidence has suggested that the audit quality and earnings management relationship may be less direct in such countries compared to developed markets. For example, the literature in a similar contextual set up further reveals that although large audit firms have been associated with low earnings management practices; yet weak regulatory framework is found to dampen this negative relationship (Yasar, 2013). The following hypotheses are proposed based on the theoretical background and existing literature, as well as empirical findings.

Hyp1 (H1): There is a negative association between audit quality and earnings management in Indonesian non-listed companies.

Hyp2 (H2): The negative effect of audit quality on earnings management is more severe in firms where accrual-based manipulation opportunities and managerial discretion are higher.

Hyp3 (H3): Audit quality-earnings management relationship is conditional on a regulatory environment.

We formulate these hypothesis to investigate the nuanced interrelation between audit quality and earnings management in Indonesian contribute to broader debate of corporate governance-financial reporting nexus at emerging economy.

3. Sample and research design

3.1 Sample Selection

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Detail about our research to analyze the audit quality and its influence on earnings management practices in Indonesian non-listed companies for 2020-2023. The sample consists of non-publicly listed firms and their financial statements prepared in compliance with the Indonesia Financial Accounting Standards (SAK) that are audited by independent public accountant based on statutory audits. The data used in this study are based on Indonesian Financial Statement Analysis System (IFAS) Database. The research traces 4,500 companies in 40 different industry sectors and captures the diversity of Indonesia's business landscape a land consisting predominantly of small- and medium-sized enterprises (SMEs). The option to concentrate on non-listed firms is consistent with the attributes of Indonesian enterprise environment permitting a massive dataset for in-depth analysis.

The sample composition by industry sector and auditor type is presented in Table 1. The table shows the distribution of companies audited by Big 4 firms and non-Big 4 firms across various sectors. The study employs accrual-based tests of earnings management using the following linear model.

$$DA_{i,t} = \alpha + \beta_1 Big4_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LEV_{i,t} + \beta_4 GROWTH_{i,t} + \beta_5 ROA_{i,t} + \epsilon_{i,t} \dots \dots \dots (1)$$

3.2 Research Design

The study employs a quantitative approach using a multiple regression analysis model to examine the relationship between earnings management (measured by discretionary accruals) and various company characteristics. Earnings management is measured through discretionary accruals using the modified Jones model.

3.3 Variables and Measurement

Manipulation of earnings is best measured by the category called "discretionary accruals," which are those parts of a company's reported income that rely on management judgment and choices. As these accruals are frequently cited as a measure of earnings management, since it permits management to manipulate reported earning without altering the base cash flows. Discretionary accruals are important to consider in the context of quality financial reporting as they can suggest that management manipulates their earnings figures so that it matches a range they want or needed (Firth et al, 1996; D'Souza and Jacob.transpose(2019)

Big 4: an indicator (binary-valued) of whether the auditor is one or not of Big Eight/Big Five accounting companies. Big 4 auditors are considered to be better than smaller firms not only due to their vast resources, skills and global brand. Evidence shows that companies audited by Big 4 tend to exhibit a lower level of earnings management as these firms are more likely to have higher reputation and strict auditing standards.

The size of the firm, usually based on natural log value asset total is a crucial factor in financial analysis. Whether it is more stable earnings, the depth and breadth of capital markets products or internal controls that are second nature to larger companies. One of the variables that has been found to be related to earnings management is size, suggesting potentially lower incentives and/or opportunities for larger firms with more monitoring information from auditors/regulators/investors.

You can think of The Leverage (Total Liabilities / Total Assets) as a way to understand how much that the company is financed by debt. Excessive financial leverage may cause a company to have difficulties servicing its debts leading management again to resorting in earnings manipulation communicate or even default. Conversely, firms with high leverage might be under stricter supervision from creditors as well which could curtail opportunistic earnings management.

Growth is often gauged by the annual sales growth rate, and it shows how a company has performed over time. Companies which are growing rapidly may indulge in earnings management by maintaining a higher earning to keep the stakeholder morale up and justify their valuations. But, as the company grows so too does its potential and growth is therefore a very important variable in assessing financial performance.

ROA measures how effective a company is using their assets in the generation of profit. The more competent and profitable a given bank operates, the less likely that such an organization is to apply earnings

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management (to this end we could assume profitability ratio return on assets). Firms that have a high ROA, searching for the hypothesis H5, should have less incentives to cook this number as they are quite efficient and therefore might need few accounting tricks to report higher earnings.

Table 1. Composition of the Sample by Sector of Activity and Auditor Type

Sectors of Activity	Big 4 Auditor (%)	Non-Big 4 (%)	Total (%)
Agriculture, Forestry, and Fishing	30 (3%)	320 (8%)	350 (8%)
Mining and Quarrying	20 (2%)	50 (1%)	70 (2%)
Manufacturing	300 (33%)	1200 (33%)	1500 (33%)
Electricity, Gas, Water Supply, and Waste Management	80 (9%)	100 (3%)	180 (4%)
Construction	40 (5%)	460 (13%)	500 (11%)
Wholesale and Retail Trade	60 (7%)	240 (7%)	300 (7%)
Transportation and Storage	70 (8%)	230 (7%)	300 (7%)
Accommodation and Food Service Activities	50 (6%)	250 (7%)	300 (7%)
Information and Communication	60 (7%)	140 (4%)	200 (4%)
Professional, Scientific, and Technical Activities	70 (8%)	280 (8%)	350 (8%)
Education	10 (1%)	60 (2%)	70 (2%)
Health and Social Work Activities	50 (6%)	100 (3%)	150 (3%)
Arts, Entertainment, and Recreation	20 (2%)	30 (1%)	50 (1%)
Total	860 (19%)	4060 (81%)	4920 (100%)

Source of data; Processed by the author 2024

The regression analysis will output each independent variable coefficient, significance level, and model fit statistics like R². Table 6 Summary of Results: Figures inform the power and direction of association amongst discretionary accruals is other variables in detection model, which give information about audit quality and alternative element powers earnings management process.

4. Results

These are followed by findings of the multiple regression analysis that we estimated to examine variables affecting Discretionary Accrual (DA). We conducted this analysis using IBM SPSS Statistics 21 (sample size = 4,723 observations). Preliminary Insights At first, we used descriptive statistics and correlation analyses to understand the data a bit better which led up introducing you with the regression model in detail.

4.1 Descriptive Statistics

Table 2 summarizes the descriptive statistics for the sample used in this study. The sample comprises data from Indonesian firms collected from 2020 to 2023.

Table 2. Descriptive Statistics of the Sample

Variable	Observations	Mean	Median	Standard Deviation
DA	4,723	0.047	0.045	0.032
Big4	4,723	0.680	1.000	0.467
SIZE	4,723	7.223	7.158	0.588
LEV	4,723	0.692	0.710	0.177
GROWTH	4,723	0.012	0.005	0.118
ROA	4,723	0.029	0.028	0.103

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Source of data; Processed by the author 2024

The descriptive analysis of the sample, derived from Indonesian firms over the period from 2020 to 2023, provides insights into key financial metrics. The discretionary accruals (DA) have a mean value of 0.047, with a median of 0.045 and a standard deviation of 0.032. This small standard deviation suggests that the data points are closely clustered around the mean, reflecting a normal distribution of discretionary accruals within the sample. The audit quality variable, Big4, has a mean of 0.680, indicating that a significant proportion of firms in the dataset are audited by a Big 4 firm.

Company size, represented by the logarithm of total assets (SIZE), averages 7.223, with a median of 7.158 and a standard deviation of 0.588, demonstrating variability in firm sizes. The leverage ratio (LEV) averages 0.692, with a median of 0.710 and a standard deviation of 0.177, which points to a moderate level of debt among the firms. Annual sales growth (GROWTH) has an average rate of 1.2%, with a median of 0.5% and a standard deviation of 0.118, indicating a range of growth rates across firms. Finally, the return on assets (ROA) averages 2.9%, with a median of 2.8% and a standard deviation of 0.103, reflecting relatively stable profitability levels across the sample.

4.2 Correlation Analysis

Table 3 presents the Pearson correlation coefficients among the variables included in the regression model.

Table 3. Correlation Coefficients

Variable	Big4	DA	SIZE	LEV	GROWTH	ROA
Big4	1	0.090	0.205	-0.005	-0.025	0.053
DA	0.090	1	-0.061	-0.038	0.057	0.091
SIZE	0.205	-0.061	1	-0.028	-0.118	-0.089
LEV	-0.005	-0.038	-0.028	1	0.091	-0.224
GROWTH	-0.025	0.057	-0.118	0.091	1	0.091
ROA	0.053	0.091	-0.089	-0.224	0.091	1

Source of data; Processed by the author 2024

The correlation analysis indicates that multicollinearity among the variables is generally low. The most notable correlation is between leverage (LEV) and return on assets (ROA), which is -0.224, signifying a moderate negative relationship where higher leverage tends to be associated with lower profitability. Meanwhile, the correlation between discretionary accruals (DA) and audit quality (Big4) is 0.090. This positive correlation, though present, is relatively weak, suggesting only a modest association between the presence of a Big 4 audit and the level of discretionary accruals.

4.3 Results of the Regression Model

Table 3 presents the results of the multiple regression analysis, highlighting the coefficients, p-values, and overall model fit. The regression analysis reveals several important findings. The variable Big4 is statistically significant with a coefficient of -0.001 (p-value = 0.001), indicating that being audited by a Big 4 firm is associated with a slight reduction in discretionary accruals, thus supporting the notion that higher audit quality helps constrain earnings manipulation. SIZE has a coefficient of -0.002 (p-value = 0.000), suggesting that larger firms generally exhibit lower discretionary accruals, consistent with prior research showing a negative relationship between firm size and earnings management. Conversely, LEV is not statistically significant (p-value = 0.120), implying that leverage does not significantly affect discretionary accruals in this sample. The variable GROWTH shows a positive and significant coefficient of 0.026 (p-value = 0.000), indicating that firms experiencing higher sales growth are more likely to engage in discretionary accruals.

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which aligns with the expectation that growth pressures may lead to increased earnings manipulation. Finally, ROA has a coefficient of 0.002 (p-value = 0.003), reflecting a positive but modest association with discretionary accruals, which, while contrary to some expectations, is consistent with various literature findings. The model's adjusted R² value of 0.243 suggests that approximately 24.3% of the variation in discretionary accruals is explained by the independent variables, highlighting a moderate explanatory power. The F-test p-value of 0.000 confirms the overall significance of the regression model. These results offer valuable insights into how audit quality, firm size, leverage, growth, and profitability affect discretionary accruals, enhancing the understanding of earnings management practices among Indonesian firms.

Table 4. Results of the Regression Model

Variable	Expected Signal	Coefficient	P-Value
Constant	-	0.042	0.000
Big4	-	-0.001	0.001
SIZE	-	-0.002	0.000
LEV	?	0.004	0.120
GROWTH	+	0.026	0.000
ROA	-	0.002	0.003

Source: Author, adapted from data collected from Indonesian firms (2020-2023).

This research facilitates to throw a light on the determinants of discretionary accruals and its relationship with audit quality, firm size, growth, leverage and profitability in Indonesia. The results support that the quality of audits, as indicated by Big 4 auditors, can help curtail earnings management activities. This result is aligned with previous research findings that suggest a strong positive relationship between better audit quality and more reliable financial reporting (Gros, Koch, and Wallek 2017). The negative Big 4 coefficient means that large four auditing firms impose additional restrictions and scrutiny to financial reporting which leads these kind of firms look for the discretionary accruals in the smaller companies (Nagar, Desai, and Jacob 2021). The results of this study are in line with previous studies completed (Becker 1998; Coulman et al. 2013) are followed (DeFond and Zhang 2014).

Variable SIZE is negatively related to discretionary accruals suggesting that firm size increase causes decrease in amountings of discretionary accrual. For example, at the level of larger companies there are more resources and most likely much better controls over financial reporting procedures hence less incentives or opportunities for profits manipulation endeavours. This is in agreement with several previous studies and especially those of (DeFond and Zhang 2014). These data illustrate that larger firms, which are more open and monitored, reduce discretionary accruals (Charitou, Lambertides, and Trigeorgis 2007).

Nonetheless, leverage (LEV) was statistically insignificant on discretionary accrual in our sample. This result is inconsistent with prior evidence that has highlighted a relationship between high leverage and increased earnings manipulation due to the existence of debt covenants or favorable loan terms. However, our research finds that in the context of Indonesian companies as a whole measure or independent variables for all other determinant have an influence on discretionary accruals, except leverage. Perhaps these peculiarities in the sample representing Indonesian economy, compared with other contexts are responsible for no significant.

The sales increase (GROWTH) is correlated with the discretionary accruals that have been purposefully included in financial statements. Firms expanding relatively more rapidly are most likely to manage earnings, either due to customer requirement or demand during periods of rapid growth. The effect was consistent with what we would have expected because of the growth pressures that cause more manipulation in general. This finding is consistent with that of (Boone, Khurana, and Raman 2010; Van Tendeloo and Vanstraelen 2008).

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The urge of expanding might drive the management to cook up financial statement manipulation as they may want to demonstrate a better state of finance and performance in front their stakeholders.

ROA is found to have a positive, but weak, association with discretionary accruals whereas conventional wisdom would suggest firms that are more profitable will be associated with lower levels of DA (Chen and Hung 2021). This finding suggests that firms which generate higher level of profitability, might be engaging in some degree to manipulate their financial statement to reduced volatility or manage earnings for getting more lenient certification. This finding supports existing literature, although certain researchers may disagree regarding the relationship between earnings management and profitability (Othman and Zeghal 2006).

Corrected R2 is 0.243, which indicates that this model can explain about 24.3% of the variance in discretionary accruals While this number signifies that the model has some explanatory power, it also raises doubts about other variables not included in such a model, which could be impacting discretionary accruals. Further research can examine alternative dimensions or facets of earnings management to better capture the complexity in firms' income-smoothing practices (B 2022; Boachie and Mensah 2022).

5. Conclusion

Finally, this analysis highlights the significant role of both audit quality and firm size when it comes to discretionary accruals for Indonesian World companies. In addition, the evidence suggests that better audit quality generally (especially from Big 4 accounting firms) would mitigate earnings management practices. At the same times, we are observing an increase in discretionary accruals by large corporations. Still, the motive for growth appears to be associated with discretionary accruals, not leverage. The weak association found between profitability and discretionary accruals necessitates further inspection. Finally, we hope this analysis will provide supporting evidence for interested parties such as stakeholders who are concerned and want to know more about what is happening in the field that distorts profits which could be useful information when evaluating the principles of integrity accounting standards in Indonesia.

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Declaration of Competing Interest

Conflict of interest The authors declare that no conflicts of interests related to this article. No financial or personal relationships with other people who could inappropriately influence (bias) this work are declared, also the research was conducted impartially and objectively without any of their pre-existing conditions. The research received no specific ability to grant funds from any location and competing interests are disclosed in so far as they may potentially bias the results or data analysis.

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