



## The Effect of Audit Reports and KAP Measurements on The Relevance of The Value Accounting Information

Windi Nawati<sup>1\*</sup>, Tubagus Ismail<sup>2</sup>, Munawar Muchlish<sup>3</sup>

<sup>1\*,2,3</sup> University of Sultan Ageng Tirtayasa

Corresponding Author: [wandayto@gmail.com](mailto:wandayto@gmail.com)<sup>1\*)</sup>

---

**Keywords :** *Audit Reports, KAP Measurement, Relevance of the value accounting information*

**Abstract:**

*The purpose of this study was to determine The Effect of Audit Reports and KAP Measurements on The Relevance of The Value Accounting Information in banking companies listed on the Indonesia stock exchange 2016-2020. The sample used in this study is 10 pharmacy companies. The data used is secondary data. The data analysis technique used is quantitative. Structural Equation Modeling is used as an analysis with the help of Smart SPSS software version 23.*

*Based on the results of the study, it can be concluded that the first audit report has a significant positive effect on book value per share. Second, the audit report has a significant positive effect on the value of earnings per share. Third, KAP size has a significant positive effect on book value per share. Fourth, the size of KAP has a significant positive effect on the value of earnings per share.*



## **Introduction**

Reporting, has a function to provide a useful company information and support users of financial statements in their decision-making processes (International Accounting Standards Board, 2013). Financial information defined to provide a good and correct picture of the company, its position and performance financial statements, together with changes in equity holdings and cash flows. Information on overall financial position and performance provided to ensure uniform and total delivery of what is contained in the financial statements to all users (Philips, 1988). The imperfect information, however, lays the groundwork for the realization of information asymmetry.

Considering the reporting system level, information asymmetry reduction in finance seems impossible unless, there are three parts to put in system (financial auditor) to ensure the accuracy and reliability of the information be delivered. According to expert, objective and independent opinion regarding accuracy reported information regarding the company's financial position and performance expected to be carried out by this third party (auditor) which must be recognized and agreed upon by all users (Hakim and Omri, 2010; Hope et al., 2012).

The audit opinion is expressed through the audit report, through which the process communication between companies, represented by their managers and information users in finance (Ittonen, 2012), which brings added value to the decision-making process investors' decisions are implemented. Major financial scandals in years lastly and especially the errors reported in the financial statements put on the importance of financial auditors in ensuring the quality of the information sent in financial markets (Hakim and Omri, 2010).

In general, the value relevance of accounting information can also serve as a tool to shape future accounting information (Maigoshi et al., 2018). One of the objectives of financial reporting is to provide reliable information to investors and creditors to enable them to make informed decisions. Therefore, relevant and reliable information that influences individual decisions in economics and results in logical decisions is paramount.

Information Asymmetry, creates a great incentive for investors to ask for an audit report. The auditor prepares an independent, professional and audit report aims with a particular emphasis on the presentation of accurate financial statements and offers a true view of the most significant aspects of position and performance financial statements based on a given accounting standard, and have a significant impact on stock returns.

The audit report must be understandable, objective and acceptable to the users as a source of relevant information and a means of communication between auditors and its users. The relevance of accounting information is one of the problems most important for investors and other stakeholders who wish to invest in another company. The value relevance of accounting information has reached academics, concern that several studies were conducted in countries that have the right privileged and underprivileged.

The Indonesia Stock Exchange (IDX) is a the combined results of the Jakarta Stock Exchange (JSX) and the Surabaya Stock Exchange (BES). Exchange Securities Indonesia is a

transaction center between capital seekers who want to build companies with investors who have the money to invest. In the year of 2021 the number of public companies listed on the Indonesia Stock Exchange is 738 companies. A public company that lists its shares on the Stock Exchange Indonesia is classified into nine sectors, these nine sectors based on the industry classification set by the IDX which is known as JASICA (Jakarta Stock Exchange Industrial Classification). These sectors consists of the agricultural sector, the mining sector, the basic and chemical industrial sector, various industries, the consumer goods and industrial sector, the property sector, real estate and building construction, infrastructure sector, utilities and transportation, financial sector, trade, services and investment sectors (www.sahamok.com). From the various types of sectors, this research will use the industrial sub-sector.

There is a problem phenomenon/decline in profit in the basic industrial sub-sector and chemistry in 2019 to 2020.

Table 1.  
Profit of Basic and Chemical Industry Sector Companies 2019-2020

No	Company	Code	Profit (Rp)		%
			2019	2020	
1	PT. Darya Varia Laboratoria, Tbk	DVLA	221.783.249.000	162.072.984.000	-26,92
2	PT. Indofarma, Tbk	INAF	7.971.966.026	30.020.709	-99,62
3	PT. Kimia Farma, Tbk	KAEF	15.890.439.000	20.425.756.000	28,54
4	PT. Kalbe Farma, Tbk	KLBF	2.537.601.823.645	2.799.622.515.814	10,33
5	PT. Merck Indonesia, Tbk	MERK	78.256.797.000	71.902.263.000	-8,12
6	Merch Sharp dorme Pharma Tbk	SCPI	218.363.000.000	112.653.000.000	-48,1
7	PT. Sido Mulcul Tbk	SIDO	578.448.000.000	640.000.000.000	10,64
8	PT. Pharos, Tbk.	PEHA	124.240.000.000	51.420.000.000	-58,61
9	PT. Pyridam, Tbk.	PYFA	22.104.000.000	9.343.000.000	-55,73
10	PT. Tempo Scan Pasific, Tbk.	SCPA	797.079.821.081	1.075.647.164.253	34,94

Source: Data processed by researchers, 2022

Based on the above phenomenon, there is a significant decrease significantly obtained from several companies such as PT. Darya Varia Laboratoria decreased by 26%, PT. Indofarma decreased by 99.62%, PT. Merck Indonesia experienced a decrease of 8.12%, PT. Merch Sharp Dorme Pharma decreased by 48.1%, PT. Pharos experienced a decrease of 58.61% and PT. Tempo Scan Pacific experienced a decrease of 55.73%. Researchers want to know and assume that regarding value relevance profit is still an interesting research object, especially in manufacturing companies today because the value relevance of accounting information will affect the financial reports, is also useful to meet the needs in the process investment decision making.

The relevance of the value of accounting information is seen from the effect of stock prices on book value and net income. Companies with increasing value relevance of information, It can be assumed that the company has financial statements that are quality.

So if the book value and net income of the company increase, then the company will have value relevance which also increases (Melinda, 2014). The emergence of the need for precise and accurate information cannot be separated from agency relationship. In agency theory, a company is said to be a meeting point between the principal (shareholder) as the owner of capital, and agent (management) who is trusted as the manager of the company.

Research by Robu & Robu (2015) emphasizes several important things that influence on the stock market price as well as three main reasons why the auditor's report can affect the company's stock price. First, the audit report contains some information that can have an influence on the forecast and risk of future cash flows and contains information that can be useful for investors. Any information affecting this section relates to investors' decisions. Second, the information contained in the audit report relates to going concern company. This information is an incentive for investors to understand the auditor's access to the company's internal information. As a result, audit opinion is used as a guarantee for investors. Third, in relation to the fact that the type of auditor's opinion can have a psychological effect on investors' decisions valuation of the company's stock price.

Analysis of the effect of audit quality on the value relevance of accounting information implemented through stimuli and qualitative factors hidden in the audit (Boone et al., 2010 ; Ittonen, 2012). Given the communication between auditing and its users, previous theoretical and empirical research in auditing shows that the type of audit report and the size of the auditor are more effective stimuli understandable to audit users as they are accepted by users as sources of information that are more relevant and influence their decisions in reports, size and capital market (Robu, 2015).

Research conducted (Robu & Robu, 2015) if there are companies which has the aim of increasing share prices, then the company can use large KAPs to audit their financial statements because they can influence investors' decisions and increase stock prices company. Researchers fill this gap in the literature by underlining the role of very important auditor, attributes play a role in determining value relevance accounting information. Researchers also contribute to the value relevance literature with indicates the auditor's attributes, the determinants of which until now have not been explored, explaining differences in the value relevance of accounting information.

### **Research Method**

This study uses quantitative methods. Meanwhile, the data sources used are secondary data in the form of financial reports and annual reports, from sample companies in 2016-2020. The data was obtained from the official website of the Indonesia Stock Exchange (IDX). The population used in this study were all pharmacy companies listed on the Indonesia Stock Exchange (IDX) in 2016 - 2020. The number of samples taken in this study were 10 companies with the criteria as stated above which included 10 observations for the observation period in 2016-2020.

The main theory that underlies this research is Signaling Theory. Signaling theory states that there is information content in the announcement of information that can be

a signal for investors and other potential parties in making economic decisions. An announcement is said to contain information if it can trigger a market reaction, which can be in the form of changes in stock prices or abnormal returns. If the announcement has a positive impact in the form of an increase in stock prices, then the announcement is a positive signal. However, if the announcement has a negative impact, then the announcement is a negative signal. Based on this theory, the announcement of financial statements or audit reports is important information and can influence the decision-making process (Scott, 2009).

One of the information that can be used as a signal is the announcement of information in financial statements made by an issuer. This announcement can later affect the rise and fall of the securities prices of the issuer companies that make announcements to the public. According to (Dewangga and Laskito, 2015) signaling theory states that a good signal will be given by a good quality company as well, so it is hoped that the market can distinguish good or bad companies and the market can react to the announcement that was received at the time. The signal given will affect the stock market, especially the company's stock price. If management signals indicate good news, then this can increase stock prices. On the other hand, if management signals indicate bad news, it can result in a decrease in the price of shares owned by a company.

This research wants to know and analyze how the role of audit reports and KAP measurements on the relevance of the value accounting information. Based on grand theory, previous research, and research hypotheses, the framework of thinking can be illustrated in Figure 1.

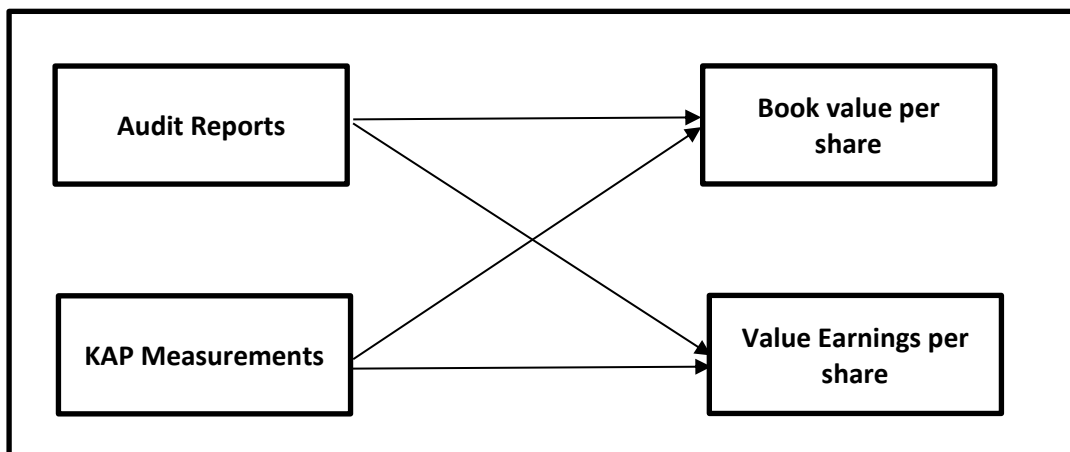


Figure 1. Theoretical Framework

## Result and Discussion

### 1. Normality Test

The results of the normality test are shown in Tabel 2 as follows:

Table 2. Normality test  
One-Sample Kolmogorov-Smirnov Test

		Report_Audit	Size_KAP	Book value	Value_Share
N		50	50	50	50
Normal Parameters <sup>a</sup>	mean	.4600	.4600	1042.1980	68.2390
	Std. Deviation	.50346	.50346	2.140493	97.97565
	Most Extreme Differences				
	Absolute	.360	.360	.371	.195
	Positive	.360	.360	.371	.195
	negative	-.318	-.318	-.313	-.153
Kolmogorov-Smirnov Z		2,542	2,542	2,620	1.376
asymp. Sig. (2-tailed)		.367	.367	.392	.045

a. Test distribution is Normal.

Source: Data processed by researchers, 2022

The results of the normality test in Table 2 show that the significant value of Asyp.sig (2-tailed) on the X1 variable of the audit report of 0.367, X2 of the KAP size of 0.367 and the variable Y1 book value 0.392, Y2 stock value 0.045 greater than 0.05. Then based on The Kolmogorov-Smirnov normality test in the table above can be concluded that the variables X and Y normally distributed.

### 2. Muticollinearity Test

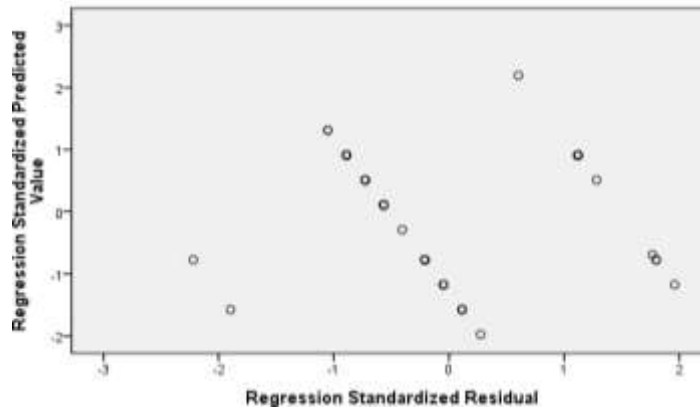
Table 3.  
Book Value and Profit Value of Multicollinearity Test

Variable	Collineariry Statistics of Book Value		Collineariry Statistics of Profit Value	
	Tolerance	VIF	Tolerance	VIF
Audit Report	0,697	1,435	0,697	1,435
Firm Size	0,697	1,435	0,697	1,435

Source: Data processed by researchers, 2022

Based on the output results in table 3, the tolerance value is obtained for X1 and X2 variables are 0.697 which is greater than 0.10. For the value of VIF on variables X1 and X2 of 1.435 is less than 10.00. So it can be concluded that does not happen multicollinearity in the regression model.

3. Heteroscedasticity Test



Source: Data processed by researchers, 2022

Figure 2. Book Value Heteroscedasticity Test

Based on the results of the output figure 2 scatterplots above, it is known that the data points spread above and below around zero (0), the spread of data points is not patterned wavy widened and narrowed. Thus it can be concluded that no heteroscedasticity occurs and the regression model can be met.

4. Autocorrelation Test

Autocorrelation test with Durbin-Watson states that autocorrelation does not occur if value of  $du < dcount < 4-dl$  where is the value of  $du$  of 0.889 and  $dl$  of 1.693 or  $0.889 < dcount < 2,307$ . Based on Table 4 shows that the results of the  $d$  value count (2.216) is above value of  $du$  (0.889) or is between the values of  $du$  (0.889) and  $4-dl$  (2,307), so it doesn't happen autocorrelation.

Table 4.  
Book Value Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,171 <sup>a</sup>	,029	,007	54.14133	,889

Source: Data processed by researchers, 2022

Autocorrelation test with Durbin-Watson states that autocorrelation is not occurs if the value of  $du < dcount < 4-dl$  where is the value of  $du$  of 0.746 and  $dl$  of 1.693 or  $0.746 < dcount < 2,307$ . Table 1.5 shows that the value of  $d$  count (2.216) is above value of  $du$  (0.746) or is between the values of  $du$  (0.746) and  $4-dl$  (2,307), so it doesn't happen autocorrelation.

## 5. Multiple Linear Regression Analysis

Table 5.  
Book Value Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	42,333	2,645		16,879	.000
Report_Audit	.500	.182	.614	4.086	.000
Size_KAP	.718	.108	.266	2,581	.001

a. Dependent Variable: Book Value

Based on table 5 the constant value (a) is 42,333, the value of the audit report (b1) of 0.500, and the size of KAP (b2) of 0.718 with these values the equation the regression is like:

$$Y = a + b_1(X_1) + b_2(X_2)$$

$$Y = 42.333 + 0.500 + 0.718$$

The results of the equation show that the values of b1 and b2 are positive, which means that the report audit and KAP size simultaneously have a positive relationship to Y.

Table 6  
Multiple Linear Regression Profit Value

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	15,333	1.020		2002	.005
Report_Audit	.320	.482	.887	2,086	.002
Size_KAP	.118	.078	.266	1.396	.000

a. Dependent Variable: Profit\_Value

Source: Data processed by researchers, 2022

Based on table 6 the constant value (a) is 15,333, the value of the audit report (b1) of 0.320, and the size of KAP (b2) of 0.118 with these values the equation the regression is like:

$$Y = a + b_1(X_1) + b_2(X_2)$$

$$Y = 15.333 + 0.320 + 0.118$$

The results of the equation show that the values of b1 and b2 are positive, which means that the report audit and KAP size simultaneously have a positive relationship to Y.



### 1. Audit Report and Value Relevance of Book Value Per Share

The results of this study indicate that the sig value on the t-test is  $0.000 < 0.05$ , thus the effect of KAP size on the value of earnings per share has a significant relationship. Audit reports represent the main communication between auditors and the users of information displayed in financial statements and can significantly affect the stock price of listed companies (Ittonen, 2012). Audit reports can contain the important information about the continuity of the company's operations. This position can provide encouragement for investors who know the auditor's access to internal company information. This study is in line with the results of research conducted by (Robu and Robu, 2015) which state that audit reports can contain information that affects the estimation and risk of future cash flows and information that is important for shareholders.

Mutchler (1985) points to the fact that information about a company's ability to continue the activities which based primarily on publicly available information, providing an opportunity for investors to anticipate. The effect of audit reports on stock prices can also be explained by investors' perceptions of the auditor's access to privileged company information, such as that used in certain foresight or management plans.

Thus, people assume that the audit reports reveal a personal information about the company, which investors can use to make decisions. The stock price of the audited company can also be influenced by the type of audit opinion. A reserved audit opinion can have a significant impact on a company's stock price, given the fact that it is supported by audit evidence that provides investors with new information about financial position and performance (Dodd et al., 1984). For investors, the relevance of reserved opinions is demonstrated by the fact that the issuance of audit reports, in which such opinions are developed, will have a negative impact on the share price of the listed and audited companies, and the lack of such opinions. will lead to growth in investor confidence, implicitly, stock price growth (Dopuch et al., 1986).

The opinions that given on financial statements by independent auditors can provide the information that accurate for investors, so that there will be sufficient confidence to place their funds in investment in the purchase of company shares. The result of this research is in line with the previous research conducted by (Robu, 2015), which stated that the Audit Report has a positive effect on Book Value Per Share.

### 2. Audit Report and Value Relevance of Earnings Share

The results of this study indicate that the sig value on the t-test is  $0.002 < 0.05$ , thus the effect of KAP size on the value of earnings per share has a significant relationship. The audit report may contain information that affects the estimation and risk of future cash flows and information that is important to shareholders. Any information that affects this component relates to investor decisions. Second, the audit report can contain important information about the continuity of the company's operations. This position can encourage investors who know the auditor's access to internal company information. This shows that the auditor's statement can be a guarantee for investors. The third reason relates to the fact that the type of auditor's comments can psychologically influence investors' decisions in assessing the company's stock price. Therefore, we expect the auditor's report to be positively related to the value relevance of accounting information.

There is the strong evidence that the auditor's consolidated financial statements improve the company's management information environment. For example, Dhaliwal et al. (2016), in a sample of M&A transactions, the findings of evidence are consistent with the presence of a general auditor (i.e., auditors shared by both the acquiring firm and the target firm) that facilitate the flow of firm information to the acquirer's managers. Similarly, Bae et al. (2017) find evidence consistent with industry expert auditors providing useful industry-level information to corporate clients. This study shows that high-quality consolidated financial statement auditors help improve the quality of information available to managers about a company's competitors, industry trends, and potential acquisition targets. As a means of communication between auditors and users, audit reports must be understandable, objective and acceptable to users as a source of relevant information. The relevance of the information provided by these reports is determined through its influence on investors in decision making, although users of financial statements will not read the reports and consider it when making decisions (Al-Thuneibat et al., 2008). Based on the content of audit reports, the existing literature emphasizes the most important reasons that can affect stock market prices and states three main reasons why auditor reports can affect stock market prices (Robu and Robu, 2015).

The relevance of the information provided by these reports is determined through its influence on investors in decision making, although users of financial statements will not read the reports and consider it when making decisions (Al-Thuneibat et al., 2008). Based on the content of audit reports, the existing literature emphasizes the most important reasons that can affect stock market prices and states three main reasons why auditor reports can affect stock market prices (Robu and Robu, 2015). The relevance of the information provided by these reports is determined through its influence on investors in decision making, although users of financial statements will not read the reports and consider it when making decisions (Al-Thuneibat et al., 2008). Based on the content of audit reports, the existing literature emphasizes the most important reasons that can affect stock market prices and states three main reasons why auditor reports can affect stock market prices (Robu and Robu, 2015).

In financial markets, investors need relevant and correct information on which to base their decisions. Investors are looking for instruments to assess the quality of information that can indicate high-performing stocks. To answer the problems of investors, financial statements must be audited, receiving opinions relating to the quality of the financial information reported. Transparency and high quality of financial information is very important because it becomes the basis for optimal economic decision making by investors and creditors.

This study supports the research conducted by Filip and Raffournier (2010), which states that the quality of auditors and their opinions results in the relevance of accounting information, improving financial information systems and ultimately optimizing the economic decision-making process. The point of view of value relevance is identical to the concept of high correlation with market information and most accounting information is correlated with market prices or returns. The result of this research are in line with the previous research conducted by Filip and Raffournier (2010), which stated that the Audit Report has a positive effect on Value Earnings per share.

### 3. KAP Size and Value Relevance from Book Value of Shares

The results of this study indicate that the sig value on the t-test is  $0.001 < 0.05$ , thus the effect of KAP size on the value of earnings per share has a significant relationship. The quality of accounting information is relevant and reliable accounting information, meaning that the information can be trusted. Relevant information is useless if its value is not reliable. Watts

and Zimmerman (1986) state that trust in the company's financial statements depends on the ability of the auditor and auditor independence. This means that the auditor's proficiency also determines the reliability of the financial statements as reflected in the quality of the audits carried out. This means that the price changes simultaneously will decrease if the audit quality is higher. The results of this study are also supported by the same research conducted in Indonesia by Nurhardono (2011).

The argument which states that the main motivation as well as the factor of audit quality comes from the size of the KAP and the entity's financial statements, as evidenced by the fact that large KAPs have a higher level of dependence on their clients due to their higher income. Consequently, in resisting client pressure in managing audit profits to issue an unqualified opinion, large audit firms are better able to do so. In addition, audit firms that have a high reputation and are big audits of ways to maintain their brand spend large amounts of money on conducting training and providing adequate audit facilities to maintain their credibility and competence (Abdollahi et al., 2020). Therefore,

The reports that published by larger public accounting firms tend to reflect impartial and accurate information and play an important role in decisions made by investors about stock market prices. Large audit firms provide better and more reliable audit services and reduce the likelihood that financial statements will be the result of fraud or operations management.

Large audit firms produce reports that are unbiased, complete and the information contained therein is free from error when compared with audited financial statements issued by other audit firms. So, one of the causes of decisions made by investors related to stock prices is caused by the existence of financial statements that have been audited by large KAPs.

This study is in line with the results of research (Robu and Robu, 2015) which audited financial statements by large public accounting firms, and can be one of the factors causing the value relevance of the decision-making process used by investors in relation to stock market prices. Therefore, the goal is to increase the stock price, so it can choose a large audit firm that investors know will influence the decision and change the company's stock price. The result of this research are in line with the previous research conducted by Mutchler (Robu and Robu, 2015), which stated that KAP Size has a positive effect on Book Value Per Share.

#### 4. KAP Size and Value Relevance of Earnings Per Share

The results of this study indicate that the sig value on the t-test is  $0.000 < 0.05$ , thus the effect of KAP size on the value of earnings per share has a significant relationship. Profit reflects the return to shareholders in a certain period (Subramanyam, KR2013). The use of information about the value of corporate profits is often used as a tool to measure the performance of a business entity, so that the higher the profit earned by the business entity, it reflects the good performance of the business entity so that investors become interested in investing their capital (Utari, D., 2014).

Large audit firms produce reports that are unbiased, complete and the information contained therein is free from error when compared with audited financial statements issued by other audit firms. So, one of the causes of decisions made by investors related to stock prices is caused by the existence of financial statements that have been audited by large KAPs. Thus, if there is a company that has a goal of increasing stock prices, then the company can use a large KAP to audit its financial statements because it can influence investors' decisions and increase the company's stock price (Robu & Robu, 2015).

The financial statements published by the Company are very important for shareholders and stakeholders. Financial statements are expected to provide reliable financial information and use accountable measures. In this case, the Public Accountant is considered a professional, independent party to provide transparency and accuracy of financial information of a company. audit opinion. The size of the Public Accounting Firm as a quality proxy distinguishes KAP into big KAP (Big four accounting firms) and small KAP (Non big four accounting firms).

The results of the study (Lee, HL, 2013) argue that the large size of a public accountant affects the quality of audits carried out positively because the audit of financial statements is one of the bridges that can connect investors with business entities that are separated by information asymmetry.

The quality of audits carried out by public accountants can be seen from the size of the KAP conducting the audit. It is perceived that large KAPs (big four accounting firms) will conduct audits with higher quality than small KAPs (non-big four accounting firms). This is because large KAPs have more resources and more clients so they don't depend on just one or a few clients, in addition, because of their reputation that has been considered good by the public, the KAP will conduct audits more carefully because profit information will affect the assessment. analysts or investors on stock prices, which will further affect the returns received by investors as shareholders, then the profit information is one of the information used in selling strategies, buy or hold shares made by investors in the capital market. The result of this research is in line with the previous research conducted by Mutchler (Lee, HL, 2013), which stated that KAP Size has a positive effect on Value Earnings Per Share.

## **Conclusion**

Based on the results of this research, it can be concluded that the audit report and KAP size have a significant positive effect on book value per share and earnings per share. This study has several limitations, the model used in this study can eliminate several variables that are correlated with the value relevance of accounting information. Although the researcher has added some control variables, it may not be successful in identifying all the potential variables that are omitted to correlate. The second limitation of this study is that this study only considers the quantitative aspect of the relationship between auditors and the value relevance of accounting information which affects the value relevance of accounting information. Suggestions for further research are expected to complement the limitations of this study by developing several things, namely, adding several new variables that are used for further research so that the results are more accurate.

## **References**

- Al-Thuneibat, A.A., Khamees, B.A. and Al-Fayoumi, N.A. (2008), "The effect of qualified auditors' opinions on share prices: evidence from Jordan", *Managerial Auditing Journal*, Vol. 23 No. 1, pp. 84-101.
- Almutairi, A.R., Dunn, K.A. and Scants, T. (2009), "Auditor tenure, auditor specialization, and Information asymmetry", *Managerial Auditing Journal*, Vol. 24 No. 7, pp. 600-623.
- Ameen, E.C., Chan, K. and Guffey, D.M. (1994), "Information content of qualified audit opinions for over-the-counter firms", *Journal of Business Finance and Accounting*, Vol. 21 No. 7, pp. 997-1011.
- Barth, M.E., Beaver, W.H. and Landsman, W.R. (2001), "The relevance of the value relevance literature for financial accounting standard setting: another view",

- Journal of Accounting and Economics, Vol. 31 Nos 1-3, pp. 77-104.
- Bauman, M.P. (1996), "A review of fundamental analysis research in accounting", *Journal of Accounting Literature*, Vol. 15 No. 1, pp. 2-10.
- Bauwhede, H.V. and Willekens, M. (2004), "Evidence on (the lack of) audit-quality differentiation in the private client segment of the Belgian audit market", *European Accounting Review*, Vol. 13 No. 3, pp. 501-522.
- Boone, J., Khurana, I. and Raman, K. (2010), "Do the Big 4 and the Second tier firms provide audits of similar quality?", *Journal of Accounting and Public Policy*, Vol. 29, pp. 330-352.
- Chen, Y.-S., Liu, Y.-P. and Chien, C.-Y. (2009), "The association between auditor quality and human capital", *Managerial Auditing Journal*, Vol. 24 No. 6, pp. 523-541.
- Craswell, A., Stokes, D.J. and Laughton, J. (2002), "Auditor independence and fee dependence", *Journal of Accounting and Economics*, Vol. 33 No. 2, pp. 253-275.
- Davidson, R.A. and Neu, D. (1993), "A note on the association between audit firm size and audit quality", *Contemporary Accounting Research*, Vol. 9 No. 2, pp. 479-488.
- DeAngelo, L.E. (1981), "Auditor size and audit quality", *Journal of Accounting and Economics*, Vol. 3 No. 3, pp. 183-199.
- Dhaliwal, D.S., Lamoreaux, P.T., Litov, L.P. and Neyland, J.B. (2016), "Shared auditors in mergers and acquisitions", *Journal of Accounting and Economics*, Vol. 61 No. 1, pp. 49-76.
- Dodd, P., Dopuch, N., Holthausen, R. and Leftwich, R. (1984), "Qualified audit opinions and stock prices", *Journal of Accounting and Economics*, Vol. 6 No. 1, pp. 3-38.
- Dopuch, N. and Simunic, D. (1982). "Competition in auditing: an assessment", in *Fourth Symposium on Auditing Research*, Vol. 401, Urbana, IL, University of Illinois, p. 405.
- Dopuch, N., Holthausen, R.W. and Leftwich, R.W. (1986), "Abnormal stock returns associated with media disclosures of 'subject to' qualified audit opinions", *Journal of Accounting and Economics*, Vol. 8 No. 2, pp. 93-117.
- Dumontier, P. and Raffournier, B. (2002), "Accounting and capital markets: a survey of the European evidence", *European Accounting Review*, Vol. 11 No. 1, pp. 119-151.
- Hakim, F. and Omri, M.A. (2010). "Quality of the external auditor, information asymmetry, and bidask spread: case of the listed Tunisian firms", *International Journal of Accounting and Information Management*, Vol. 18 No. 1, pp. 5-18.
- Hope, O.K., Langli, J.C. and Thomas, W.B. (2012), "Agency conflicts and auditing in private firms", *Accounting, Organizations and Society*, Vol. 37 No. 7, pp. 500-517.
- International Accounting Standards Board (2013), *International Financial Reporting Standards*, 6th ed., București, CECCAR, pp. A21- A29.
- Ireland, J.C. (2003), "An empirical investigation of determinants of audit reports in the UK", *Journal of Business Finance and Accounting*, Vol. 30 Nos 7-8, pp. 975-1016.
- Kargin, S. (2013), "The impact of IFRS on the value relevance of accounting information: evidence from Turkish firms", *International Journal of Economics and Finance*, Vol. 5 No. 4, pp. 71-81.
- Lai, S.M. and Liu, C.L. (2018), "The effect of auditor characteristics on the value of diversification", *Auditing: A Journal of Practice and Theory*, Vol. 37 No. 1, pp. 115-137.
- Lambert, R., Leuz, C. and Verrecchia, R. (2007), "Accounting information,

- disclosure, and the cost of capital”, *Journal of Accounting Research*, Vol. 31, pp. 385-420.
- Lawrence, A., Minutti-Meza, M. and Zhang, P. (2011), “Can Big 4 versus non-Big 4 differences in audit quality proxies be attributed to client characteristics?”, *The Accounting Review*, Vol. 86 No. 1, pp. 259-286.
- Lee, H.L. and Lee, H. (2013), “The value relevance of summarized accounting information and audit quality”, Working paper in Second International Conference of the Japanese Accounting Review Presented, doi: 10.1596/1813-9450-5732.
- Maigoshi, Z.S., Latif, R.A. and Kamardin, H. (2018), “Change in value- relevance of disclosed RPT across accounting regimes: evidence from Malaysia”, *Research in International Business and Finance*, Vol. 44, pp. 422-433.
- Mansi, S.A., Maxwell, W.F. and Miller, D.P. (2004), “Does auditor quality and tenure matter to investors? Evidence from the bond market”, *Journal of Accounting Research*, Vol. 42 No. 4, pp. 755-793.
- Mark, A., Christopher, K.M. and Woon, K. (2009), “Auditor quality and the role of accounting information in explaining UK stock returns”, Cardiff Economics Working Papers.
- Moradi, M., Salehi, M., Rigi, M. and Moeinizade, M. (2011), “The effect of qualified audit report on share prices returns: evidence of Iran”, *African Journal of Business Management*, Vol. 5 No. 8, pp. 3354-3360.
- Mutchler, J.F. (1985), “A multivariate analysis of the auditor’s going- concern opinion decision”, *Journal of Accounting Research*, Vol. 23 No. 2, pp. 668-682.
- large clients on office-level auditor reporting decisions”, *Journal of Accounting and Economics*, Vol. 30 No. 3, pp. 375-400.
- Robu, M.A. and Robu, I.B. (2015), “The influence of the audit report on the relevance of accounting information reported by listed Romanian companies”, *Procedia Economics and Finance*, Vol. 20, pp. 562-570.
- Rusmin, R. (2010), “Auditor quality and earnings management: Singaporean evidence”, *Managerial Auditing Journal*, Vol. 25 No. 7, pp. 618-38.
- Salehi, M., Fakhri Mahmoudi, M.R. and Daemi Gah, A. (2019), “A meta- analysis approach for determinants of effective factors on audit quality: evidence from emerging market”, *Journal of Accounting in Emerging Economies*, Vol. 9 No. 2, pp. 287-312.
- Shamki, D. and Abdul Rahman, A. (2013), “Does financial disclosure influence the value relevance of accounting information?”, *Education Business and Society: Contemporary Middle Eastern Issues*, Vol. 6 Nos 3-4, pp. 216-232.
- Skinner, D.J. and Srinivasan, S. (2012), “Audit quality and auditor reputation: evidence from Japan”, *The Accounting Review*, Vol. 87 No. 5, pp. 1737-1765.
- Scott, William R, 2009. *Financial Accounting Theory*. Fifth Edition. Canada Prentice Hall.
- Tlili, M., Ben Othman, H. and Hussainey, K. (2019), “Does integrated reporting enhance the value relevance of organizational capital? Evidence from the South African context”, *Journal of Intellectual Capital*, Vol. 20 No. 5, pp. 642-661.
- Tshipa, J., Brummer, L., Wolmarans, H. and Du Toit, E. (2018), “The impact of flexible corporate governance disclosures on value relevance. Empirical evidence from South Africa”, *Corporate Governance*, Vol. 18 No. 3, pp. 369-385.
- Watkins, A.L., Hillison, W. and Morecroft, S.E. (2004), “Audit quality: a synthesis of theory and empirical evidence”, *Journal of Accounting Literature*, Vol. 23, pp. 153-193.

