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The Influence of Audit Quality, Public Accounting Firm Size and Tax Planning on Earnings Management

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Abstract: This research aims to examine the influence of Audit Quality, Accounting Firm Size, Tax Planning on Profit Management. This quantitative research uses the transportation services sub-sector. Secondary research data was taken from companies listed on the Indonesia Stock Exchange for the 2018-2023 period using a purposive sampling technique. The influence of audit quality uses two measurement indicators, namely audit fees and audit industry specialization, for measuring KAP size using the number of auditors, then for measuring Tax Planning using Book Tax Difference and for measuring Profit Management using Discretionary Accrual. The analysis techniques used in this research are descriptive statistical analysis, classical assumption testing and Multiple Linear Regression to test the influence of audit quality, Accounting Firm Size, tax planning on earnings management. The research results show that audit quality with the audit fee indicator has no effect on earnings management, audit quality with the industry specialization indicator has a significant negative effect, Accounting Firm Size has a significant negative effect on earnings management, tax planning has no effect on earnings management and audit quality, Acounting Firm Size, Tax Planning influence earnings management.

Keywords: Audit Quality, Accounting Firm Size, Tax Planning, Earnings Management.

INTRODUCTION

The theory of the company put forward by Alchian & Demsetz (1972) and (Jensen & Meckling, 1976) emphasizes that a company forms a network of contracts that regulate production elements in the organization. Incentive problems arise when decision making is carried out by company management who are not the owners of the company (Jensen & Meckling, 1976). Changing motivation problems originating from business theory into agency problems, thus advancing agency theory. In his theory, agency theory, the owner, as principal, assigns tasks to another party (agent) who carries out the work. Agency theory presents two problems. Principals and agents have different intentions, and principals have challenges in monitoring the agent's actions. Second, the problem of risk sharing will arise when the risk behavior of the principal party and the agent is different.

Conflicts of interest that arise from differences in goals and difficulties experienced by principals and information asymmetries that arise from differences in risk behavior cause information risks faced by principals. Agents and principals use auditors to verify the accuracy of the agent's financial statements and reduce the dangers of information asymmetry for the principal. The primary definition evolved to include not only owners but also additional parties associated with the company, including creditors and the government.

There are cases of earnings management practices that have been summarized by cnbcindonesia.com (2021), one of which is the case of PT Garuda Indonesia Tbk which is in the transportation and logistics sector. The PT Garuda Indonesia case began to unfold on April 24 2019 when it held a General Meeting of Shareholders (GMS). During the GMS, two commissioners did not want to ratify the financial reports because PT Garuda Indonesia generated net profits which were actually supported by the alliance between PT Garuda Indonesia and PT Mahata Aero Teknologi. This collaboration has a value of US$ 239.94 million or around Rp. 3.48 trillion, which is actually considered a receivable with an agreement valid for the next 15 years. Therefore, companies that experienced a downturn in the previous period later reaped high profits. This news has raised doubts about the integrity and credibility of the accounting profits reported by the PT (kompasiana, 2021).

The COVID-19 pandemic that occurred in Indonesia in early 2020 prompted the Indonesian government to issue policies that limit people's mobility through Minister of Transportation Regulation no. 18 of 2020 in order to reduce the spread of the virus. This policy was quite successful in suppressing the spread of the COVID-19 virus, but on the other hand, it caused the revenues of transportation sector companies to decline significantly. One of the large companies in the transportation sector affected by the COVID-19 pandemic, namely PT AirAsia Indonesia Tbk, recorded a fantastic loss of IDR 2.75 trillion, or an increase of 1,650.4% compared to 2019, namely IDR 157.37 billion. The decline in profit levels caused by the COVID-19 pandemic increases the risk of company management in carrying out profit management practices. Earnings management practices are intended to show stakeholders that the company has achieved good performance.

General factors that influence earnings management actions include: managerial ownership, leverage, free cash flow, profitability, company size, auditor reputation, institutional ownership, tax planning and audit quality (Wandari, 2022). Also explained by (Syam et al., 2021) that audit quality is divided into input, process, output and contextual, input factors include objectivity, integrity, independence, professionalism and skepticism. The process factors include auditing standards, regulations, quality control, use of information technology, effective and efficient interaction. The output factors are audit opinion and management letter. Contextually, audit quality is measured by audit fees, company size, industry specialization.

Research on the correlation between audit quality and earnings management techniques was conducted in Indonesia by (Fadillah & Noviyanti, 2022). (Fadillah & Noviyanti, 2022) assess good audit quality through audits carried out by large auditors (Big Five), while low audit quality is evaluated using audits completed by small auditors (non-Big Five). Discretionary accruals are used to assess a company's earnings management procedures.

(Fadillah & Noviyanti, 2022) found empirical data showing a substantial negative correlation between audit quality and earnings management. This research shows that improved audit quality is correlated with fewer earnings management activities by the organization. The limitation of the research (Fadillah & Noviyanti, 2022) is that it assesses audit quality only based on KAP size (Big Five or Non-Big Five). This measure continues to fuel discussions about the veracity of the claim that audits performed by large audit firms, historically represented by the Big Eight (later reduced to six, five, and four), demonstrate superior quality compared to those performed by smaller audit firms. . (Fadillah & Noviyanti, 2022) argue that large accounting firms do not have superior quality compared to smaller businesses if their resources are not utilized to provide independent assessments.

In terms of taxation, company managers often declare profits that reduce the company's tax obligations to improve management performance. Managers will exploit variations in tax treatment to achieve fiscal adjustments that can reduce or increase fiscal profit, thereby minimizing the company's tax liabilities. (AYERS et al., 2010) emphasizes that the difference between accounting standards and tax requirements in the reporting system (dual system) encourages managerial creativity in preparing financial reports. Financial reports contain information regarding business taxes.

Previous research conducted by (Echa Fardhiatul Elma, 2020; Kepramareni et al., 2021; Mochtar, 2022) proves that fiscal profits can provide information about the quality of company profits. (Dewita & NR, 2023) stated that low earnings quality is indicated by high discretionary accruals (abnormal accruals) as a result of earnings management practices carried out by management. Empirical evidence shows that book-tax differences can detect earnings management in various situations (Rachmany & Indonesian Tax High, 2022). Research (Merkusiwati & Damayanthi, 2020) found that tax management and earnings management can interact with each other to explain the existence of abnormal book-tax differences.

The first proxy that will be used to measure audit quality in this research is audit fee income. Research conducted by (Christiani & Nugrahanti, 2014; Natalia et al., 2018; Saleh Aly et al., 2023; Yefni & Sari, 2021) uses audit fees to measure audit quality, KAPs that have high audit quality and maintain their reputation , has high audit fees. (Yefni & Sari, 2021) uses audit fees disclosed by companies voluntarily in financial reports. Meanwhile, this research uses KAP audit income in a year for each year of observation due to unavailability regarding audit fees both in the financial reports of companies in Indonesia and at the Financial Professional Development Center.

In addition, the second proxy used to assess audit quality in this research is audit industry specialization as researched by (Christiani & Nugrahanti, 2014; Fadillah & Noviyanti, 2022; Natalia et al., 2018). An auditor's experience can influence his or her ability to identify and report manipulation of financial data by management. (HADI & TIFANI, 2020) emphasizes that capable auditors can hinder earnings management practices carried out by management, because auditors are able to examine and analyze the company's financial reports to detect anomalies and fraudulent activities. Auditors with good quality provide insight to management to avoid earnings management activities and provide more advice on the strategic use of income, because the higher the quality of the audit, the smaller the earnings management actions will be.

This research will collect and analyze the population among Transportation Sub-Sector businesses listed on the Indonesia Stock Exchange, with a focus on violations in financial report audits, exemplified by PT Garuda Indonesia (Persero), to assess the amount of capitalization. (Datik Finance, 2007) states that around 45% of issuers' financial audits in Indonesia are dominated by the four large KAPs and their affiliates, while the remaining 55% are carried out by other KAPs. Hadibroto (2007) emphasized that auditing large companies such as Telkom requires a minimum of 100 auditors. In Indonesia, there are still very few KAPs that have a large number of auditors, as a result, KAP offices with fewer auditors receive fewer orders. This is what makes some KAPs choose to compromise with client companies even though they have to violate professional ethics. There are also indications of tax planning carried out by Sub-Transportation Companies, therefore the aim of selecting a sample of Sub-Transportation Companies is because there are indications of earnings management carried out by these companies.

METHODS

This research analyzes secondary data sourced from financial reports published by the Indonesia Stock Exchange (BEI) and KAP reports published by the Secretary General of the

Ministry of Finance - Center for Financial Professional Development (P2PK). This research will use audited financial report data from 2018 to 2023.

The subjects of this research are companies in the Transportation Subsector that are listed on the Indonesia Stock Exchange (BEI) from 2018 to the end of 2023. This research was conducted in the Transportation Subsector. The population of this research is non-financial service companies included in the Transportation Subsector, especially Limited Liability Companies (PT), excluding Public Companies (Perum). The non-financial services transportation sub-sector was chosen because there are different characteristics in financial services, especially in the accrual accounting process (Biddle et al., 2009; Verdi, 2006).

Based on this, the Transportation Sub Sector Company is included in the research population because it is an existing company and not a subsidiary with the following details:

Table 1. Listed Company in Transportation Subsector

No	Company Code	Company Name
1	ASSA	PT Adi Sarana Armada Tbk.
2	BLTA	PT Berlian Laju Tanker Tbk.
3	BULL	PT Buana Listya Tama Tbk.
4	CANI	PT Capitol Nusantara Indonesia Tbk.
5	CMPP	PT AirAsia Indonesia Tbk.
6	HITS	PT Humpuss Intermoda Transportasi Tbk.
7	LEAD	PT Logindo Samudramakmur Tbk.
8	MBSS	PT Mitrabahtera Segare Sejati Tbk.
9	MIRA	PT Mitra International Resources Tbk.
10	NELY	PT Pelayaran Nelly Dwi Putri Tbk
11	SAFE	PT Steady Safe Tbk.
12	SDMU	PT Sidomulyo Selaras Tbk.
13	SMDR	PT Samudera Indonesia Tbk.
14	TAXI	PT Express Trasindo Utama Tbk.
15	TMAS	PT Pelayaran Tempuran Emas Tbk.
16	WINS	PT Wintermar Offshore Marine Tbk.

Source : idx.co.id, 2024

Data analysis uses multiple linear regression analysis with the help of SPSS version 25 software. Multiple linear regression analysis was carried out after the classical assumption test because it first confirmed whether the model did not have problems with normality, multicollinearity, heteroscedasticity and autocorrelation. The following isa model of multiple linear regression analysis equations in this study:

$$DA = \beta 1\, BTD - \beta 1\, FEE - \beta 1\, SI - \beta 1\, AUD\ \beta 1 - \varepsilon it$$

Notes :
DA = Discretionary accrual
BTD = Book Tax Difference

Fee = Fee audit
SI = Spesialization industry audit
AUD = Number of auditors

Table 2. Variable Operational Table

No	Variabel	Definition	Indicator	Type of Data
1	Audit Quality Independent (X1)	Setiawan & Fitriany (2011) divide the factors that influence audit quality into input, process and output factors which are grouped into competency and independence dimensions. Input and process factors determine whether the audit quality output is good or not. Input factors such as adequate number of auditors, sufficient experience of auditors, audit fees which include the number of auditors, level of auditors, rate of auditors and the time required to carry out the audit as well as process factors such as adherence to audit standards, accounting standards and prudential attitudes -The auditor's attention affects the output of the audit, namely the quality of the audited company's profits.	Fee Audit = Ln (Professional Fee) (Yefni & Sari, 2021) Spesialization Industry = Total assets of KAP clients in a particular industry / Total assets of all companies in that industry (Aviani Sanjaya, 2017)	Ratio
2	Size Of Accouting Firm Independent (X2)	This proxy is determined by dividing the number of auditors employed by the KAP by the company size, which will be represented by the natural logarithm of the total assets of all companies audited by the KAP. The assumption is that the relocation of human resources carried out by KAP is rational by considering the number of auditors and the total assets audited (Wibowo & UI, 2009)	Accounting Size Firm = $\frac{Number\ of\ Auditors}{Number\ of\ public\ accounting\ fir}$ (Wibowo & UI, 2009)	Ratio
3	Tax Planning Independent (X3)	Books Tax Difference is a method that differentiates accounting profit and fiscal profit. That there are differences in principles between accounting and fiscal gives rise to the presence of temporary and permanent differences which are then considered as future tax benefits for the company. (Sari & Purwaningsih, n.d.)	BTD $=\frac{Laba\ Komersial-Laba\ Fiskal}{Total\ Aset}$ (Sari & Purwaningsih, n.d.)	Ratio
4.	Earnings Management Dependent (Y)	Profit management is an activity to increase or decrease benefits carried out legally to adjust company profits to management policies that are appropriately demonstrated in accordance with accounting standards applies (Simorangkir et al., 2020)	DAit = TAit / Ait-1 – NDAit DACit = discretionary accrual company i during period t TACit = total accrual company i during period t	Ratio

		NDACit = total accrual non-diskresioner during period t (Fadillah & Noviyanti, 2022)

RESULTS AND DISCUSSION

Descriptive analysis aims to describe the characteristics of data related to audit fees, industry specialization, Accounting Firm Size, Tax Planning and Earnings Management. The data used was obtained from 16 transportation sector companies during the 2018-2023 period via the Indonesian Stock Exchange website (www.idx.co. id). Descriptive analysis can be displayed in the form of frequency distribution tables, histogram tables, mean values, standard deviation values and others.

Table 3 Descriptive Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Quality with Fee Audit	83	18.64	22.27	20.2622	1.06689
Audit Quality with Spesialization	83	.00	.74	.2694	.30243
Accounting Firm Size	83	.00	1.84	.5129	.36338
Tax Planning	83	-.41	58.77	.7020	6.45186
Earnings Management	83	-3.33	1.11	-.2231	.88039

Source: Research Data, 2024

Table 3 above shows the average value of the audit quality variable with audit fees of 20.26 with a standard deviation of 1.06. The highest value for the audit quality variable with audit fees is 22.27, while the lowest value is 18.64. The average value of the audit quality variable by specialization is 0.26 with a standard deviation of 0.30. The highest value for the audit quality variable with specialization is 0.74, while the lowest value is 0. The average value of the Accounting Firm Size variable is 0.51 with a standard deviation of 0.36. The highest value for the Accounting Firm Size variable is 1.84 while the lowest value is 0. The average value of the tax planning variable is 0.70 with a standard deviation of 6.45. The highest value for the tax planning variable is 58.77 while the lowest value is -0.41. The average value of the earnings management variable is -0.22 with a standard deviation of 0.88. The highest value of the earnings management variable is 1.11 while the lowest value is -3.31.

The normality test is a statistical procedure used to determine whether the data in a sample follows a normal distribution. The normality test in the regression model is used to test whether the residual values resulting from the regression are normally distributed or not. A good regression model is one that has residual values that are normally distributed. The data normality test process was carried out using the Kolmogorov-Smirnov (K-S) test.

The One Sample Kolomogorov Smirnov test is used to determine the distribution of data, whether it follows a normal, Poisson, uniform or exponential distribution. In this case, to find out whether the residual distribution is normally distributed or not. Residuals are normally distributed if the significance value is more than 0.05.

Tabel 4 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		83
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.77055988
Most Extreme Differences	Absolute	.213
	Positive	.095
	Negative	-.213
Test Statistic		.213
Asymp. Sig. (2-tailed)[c]		.120

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Research Data, 2024

In table 4, the normality test above shows a significance value of 0.120, probability value < α (5%) or 0.05. Based on this, it can be explained that the regression model is not normally distributed. However, in large samples the normality test in panel data regression can be ignored (Ghozali & Ratmono, 2016).

The multicollinearity test aims to test whether in the regression model a correlation is found between the independent variables. A good regression model should have no correlation between independent variables. If the independent variables are correlated with each other, then these variables are not orthogonal (they are independent variables whose correlation value between independent variables is equal to zero (Ghozali, 2011: 105).

Multicollinearity is detected using tolerance and Variance Inflation Factor (VIF). Tolerance measures the variability of the selected independent variable that cannot be explained by other independent variables. So a low tolerance value is the same as a high VIF value

(because VIF=1/tolerance) and indicates high collinearity. The cutoff value that is commonly used is a tolerance value of 0.1 or the same as a VIF below 10 (Ghozali. 2011: 106).

Table 5 Multicollinearity Test Results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Audit Quality with Fee Audit	.380	2.634
	Audit Quality with Spesialization	.267	3.745
	Accounting Firm Size	.452	2.214
	Tax Planning	.988	1.013

a. Dependent Variable: Earnings Management

Source: Research Data, 2024

In table 5, the multicollinearity test above shows that the VIF value of all independent variables is less than 10. Therefore, it can be concluded that there is no multicollinearity in the independent variables.

The heteroscedasticity test has the same variance. There are two ways to detect the presence or absence of heteroscedasticity, namely by graphical methods and statistical methods. The graphic method is usually done by looking at a graphic plot between the predicted value of the dependent variable and its residual. Meanwhile, statistical methods can be used using the Park Test, Glejser Test, White Test, Spearman's Rank Correlation Test, Goldfeld Quandt Test and Breusch-Pagan-Godfrey Test.

Table 6 Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.506	1.772		1.979	.051
	Audit Quality with Fee Audit	-.157	.091	-.292	-1.734	.087

	Audit Quality with Spesialization	1.301	.382	.685	1.409	.103
	Accounting Firm Size	-.299	.244	-.189	-1.225	.224
	Tax Planning	-.006	.009	-.073	-.698	.487

a. Dependent Variable: Resabs

Source: Research Data, 2024

Based on Table 6, the results of the Heteroscedasticity Test using the Glejser method show that the significance value (sig) of each independent variable is greater than 0.05, therefore it is concluded that there is no heteroscedasticity in the residual data.

Autocorrelation tests, also referred to as serial correlation, often appear in the analysis of time series data. The aim is to determine whether there is a correlation between errors or disturbances in one period and errors in the previous period. In a correct statistical analysis, regression will not show any autocorrelation. Autocorrelation is a correlation between observation members arranged according to time or place. The test method uses the Durbin-Watson test (DW test).

Tabel 7 Autocorrelation Tests Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.484[a]	.234	.195	.79007	1.943

a. Predictors: (Constant), Tax Planning, Quality Audit with Fee Audit, Accounting Size Firm, Quality Audit with Spesialization Industry

b. Dependent Variable: Earnings Management

Source: Research Data, 2024

Based on the results of the autocorrelation test in table 4.5, it can be seen that the Durbin-Watson (DW) value is 1.943. The DW value is then compared with the du and 4-du values. The du value is obtained from the DW table with n=83 and k=3, so the du value is 1.7187. Next, a decision is made with the provisions of the value du < d < 4-du 1.7187 < 1.943 < 2.2813). Based on these calculations, it can be interpreted that in the regression analysis there is no positive autocorrelation or negative autocorrelation or it can be said that no autocorrelation occurs.

According to Sugiyono (2018:307) Multiple linear regression is used by researchers to predict the condition (rise and fall) of the dependent variable or multiple linear regression is carried out if the number of independent variables is at least two. The application of the multiple linear regression method uses more than one variable which has one dependent variable. This

analysis is used to find out whether there is an influence of the independent variable on the dependent variable. The multiple linear regression formula is as follows:

Table 8 Multiple Linear Regression Results

Coefficients[a]				
Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-3.329	2.591	
	Audit Quality with Fee Audit	-.163	.133	-.197
	Audit Quality with Spesialization	-2.386	.558	-.820
	Accounting Firm Size	-.871	.357	-.360
	Tax Planning	-.002	.014	-.001

a. Dependent Variable: Earnings Management

Source: Research Data, 2024

Earnings Management = -3.329 - 0.163 Audit Quality with audit fee -2.386 Audit quality with industry specialization - 0.871 KAP Size- 0.002 Book Tax Difference

Based on the regression model above, it shows that:

1. The constant is -3.329 which explains that if all the independent variables, namely audit quality, hood size and tax planning, have zero, then the value of the dependent variable, namely company value, will remain at -3.329.
2. The regression coefficient value of the audit quality variable with the audit fee dimension is -0.163, which explains that if audit quality with the audit fee dimension increases by one unit, earnings management will experience a decrease of 0.163. The coefficient is negative, meaning there is a unidirectional relationship with earnings management.
3. The regression coefficient value of the audit quality variable with the industry specialization dimension is -2.386, which explains that if audit quality with the industry specialization dimension increases by one unit, earnings management will experience a decrease of 2.386. The coefficient is negative, meaning there is a unidirectional relationship with earnings management.
4. The regression coefficient value for the Accounting Firm Size variable is -0.871, which explains that if the Accounting Firm Size increases by one unit, earnings management will experience a decrease of -0.871. The coefficient is negative, meaning there is a unidirectional relationship with earnings management.
5. The regression coefficient value for the tax planning variable is -0.002, which explains that if tax planning increases by one unit, earnings management will experience a decrease of -0.002. The coefficient is negative, meaning there is a unidirectional relationship with earnings management.

This coefficient of determination measures how much influence the independent variable contributes to the dependent variable. This research uses adjusted R2 because there is more than one dependent variable used in the research model. The coefficient of determination values are zero and one. The coefficient of determination value is between zero and one. A small R2 value means that the ability of the independent variable to explain the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable.

Table 9 Coefficient of Determination Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.484[a]	.234	.195	.79007	1.943

a. Predictors: (Constant), Tax Planning, Quality Audit with Fee Audit, Accounting Size Firm, Quality Audit with Spesialization Industry

b. Dependent Variable: Earnings Management

Source: Research Data, 2024

In table 9, the coefficient of determination above shows an R Square value of 0.234, which means that the variable audit quality with audit fees, audit quality with specialization, KAP size and tax planning has an influence on the earnings management variable of 23.4% while the remaining is 76.6 % influenced by other variables outside this research.

The simultaneous test or F test aims to test whether all the independent variables in the regression model simultaneously or together influence the dependent variable (Ghozali, 2018).

Tabel 10 Simultaneous Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.868	4	3.717	5.955	.000[b]
	Residual	48.689	78	.624		
	Total	63.556	82			

a. Dependent Variable: Earnings Management

b. Predictors: (Constant), Tax Planning, Quality Audit with Fee Audit, Accounting Size Firm, Quality Audit with Spesialization Industry

Source: Research Data, 2024

Based on table 10, it shows the results of the F test, namely the F-calculated value of 5.955 is greater than the F-table value of 2.720 and the significance value of 0.00 is smaller than 0.05. So based on these results, it can be stated that there is a significant influence on the audit quality variable, Accounting Size Firm and book tax difference simultaneously on the earnings management variable.

The t test is used to determine how significant the influence of each independent variable is (partially) in explaining the variance of the dependent variable (Ghozali, 2018).

Tabel 11 T Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.329	2.591		-1.285	.203
	Audit Quality with Fee Audit	-.163	.133	-.197	-1.228	.223
	Audit Quality with Spesialization	-2.386	.558	-.820	-4.273	.000
	Accounting Firm Size	-.871	.357	-.360	-2.438	.017
	Tax Planning	-.002	.014	-.001	-.014	.989

a. Dependent Variable: Earnings Management

Source: Research Data, 2024

Based on table 11, it shows the results of the t test, t-count is obtained which will be compared with the t-table, the t-table is obtained from the t distribution on significance 0.05 or 5% with degrees of freedom (df) = n-k-1 or 83-3-1 = 79 then it can be expressed as follows:

1. The audit quality variable with the audit fee dimension has a calculated t-value of -1.128, where this value is greater than the t-table value of 1.664. Apart from that, the significance value is 0.223, which is greater than 0.05. So, it can be stated that audit quality with the audit fee dimension partially has no influence on earnings management.
2. The audit quality variable with the industrial specialization dimension has a calculated t-value of - 4.273, where this value is smaller than the t-table value of 1.664. Apart from that, the significance value is 0.00, which is smaller than 0.05. So, it can be stated that audit quality with the industrial specialization dimension partially has a negative influence on earnings management.
3. The Accounting Firm Size variable has a calculated t-value of - 2.438, where this value is smaller than the t-table value of 1.664. Apart from that, the significance

value is 0.17, which is smaller than 0.05. So, it can be stated that Accounting Firm Size partially has a negative influence on earnings management.

4. The Tax Planning variable has a t-calculated value of -0.14, where this value is greater than the t-table value of 1.664. Apart from that, the significance value is 0.989, which is greater than 0.05. So, it can be stated that tax planning has no influence on earnings management.

CONCLUSION

In the test results above, it is said that the significance value (sig) of audit quality with the audit fee dimension has a calculated t-value of - 1.128, where this value is greater than the t-table value of 1.664. Apart from that, the significance value is 0.223, which is greater than 0.05. This means that it can be stated that audit quality with the audit fee dimension partially has no influence on earnings management. These findings indicate that audit quality with the audit fee dimension has no influence on company earnings management. Thus, it can be concluded that audit quality with the audit fee dimension has no effect on earnings management. These results are in line with research by Nini &; Trisnawati, (2009) that the research conducted does not have a significant influence on earnings management. This finding shows that there is a relationship between very high auditor independence, the service fee or audit fees given by the company to the auditor will not sway the auditor to impose restrictions on the implementation of earnings management (Nini &; Trisnawati, 2009). When an auditor provides audit services to a client one or more times, it is likely that the remuneration paid by the client from the auditor's total income is not material. However, if the provision of services is carried out for a long period, it is impossible for the auditor to lose significant potential income (Harindahyani, 2019).

The results of the audit quality hypothesis test with the industrial specialization dimension have a calculated t-value of - 4.273, where this value is smaller than the t-table value of 1.664. Apart from that, the significance value is 0.00, which is smaller than 0.05. So it can be stated that audit quality with the industrial specialization dimension partially has a negative influence on earnings management. The results of testing this second hypothesis are in line with research conducted by Balsam et al. (2003) and Gerayli et al. (2011) which shows that auditor industry specialization has a negative effect on earnings management. The results of this study are also consistent with research conducted by Gramling et al. (2001) show that the use of auditor industry specialization can detect earnings management, prediction errors and the ability to predict future cash flows. Becker et al. (1998) explains that auditor industry specialization can detect earnings management because auditor industry specialization has superior knowledge about a particular industry. The ability of the auditor's industry specialization to detect earnings management will encourage clients not to carry out earnings management so that earnings quality improves. Apart from that, auditors' industry specialization can also detect earnings management to maintain their reputation as auditors. The results of this research are in line with research by Maletta and Wright (1996) which concluded that auditors who have a more comprehensive understanding of a particular industry's trends and characteristics will be more effective in conducting audits than auditors who do not have knowledge about that particular industry. Thus, industry specialization auditors have a better understanding of industry characteristics, are more compliant with auditing standards, understand risks and problems in the industry being audited, have better ability to detect errors than non-industry specialization auditors so that auditor industry specialization can be better reduces accrual earnings management than non-specialized industry auditors (Januarsi 2009).

In the hypothesis test results, Accounting Firm Size has a t-count value of - 2.438, where this value is smaller than the t-table value of 1.664. Apart from that, the significance value is 0.17, which is smaller than 0.05. So, it can be stated that Accounting Firm Size partially has a negative influence on earnings management. Linked to Hadibroto (2007) that auditing a large

entity such as Telkom requires at least 100 auditors. In this context, it is concluded that the more human resources that audit an issuer, the greater the profit management practices of that entity. In terms of assessing the size of the Accounting Firm, Ariefjauhari (2013) said that the Accounting Firm has logical human resource management where the number of auditors assigned is adjusted to the size and complexity of the client so that the Accounting Firm does not experience the problem of insufficient or excess human resources because the number has been planned in advance. auditor assigned to the client. In research conducted by Ariefjauhari (2013), the study concluded that there was no influence between the number of auditors and earnings management due to limited data for that period. This research is different from previous research due to the availability of information regarding the number of auditors.

From the results of the hypothesis test, it is said that Tax Planning has a t-calculated value of -0.14, where this value is greater than the t-table value of 1.664. Apart from that, the significance value is 0.989, which is greater than 0.05. So it can be stated that tax planning has no influence on earnings management.

In a transportation service company there are several divisions or departments with respective management. This will create a tendency for management to prioritize their own interests in terms of obtaining bonuses or rewards if they show good performance. So that earnings management tends to occur because of management's self-interest, not because of tax planning which is in the interests of the principal (company owner). Because tax planning is the desire of the company owner. Where the company owner wants high dividends, with minimal costs possible. So, whether there is tax planning or not, does not influence management in carrying out earnings management. Tax planning can affect company equity. This can happen because with proper and legal tax planning, companies can obtain rational and greater net profits compared to companies that do not carry out tax planning. Economically, tax is an element that reduces profits available to be shared or reinvested by the company. Companies generally identify paying taxes as a burden so they will try to minimize this burden to optimize the profit after tax that will be obtained, in order to increase efficiency and competitiveness, thereby encouraging managers to reduce costs as optimally as possible (Suandy, 2013). Aditama and Purwaningsih (2014) in their research stated that tax planning carried out by companies is not only to gain profits from a fiscal perspective, but also to obtain additional capital from investors through the sale of company shares. This research is in line with Jessica (2022) and Nursidin (2023) that tax planning has no impact on earnings management.

In table 10 of the f test above, the significance value of 0.000 is smaller than 0.05, is obtained with the conclusion that there is a significant influence on the audit quality variable, KAP size and book tax difference simultaneously on the Accrual Discretion variable. This research is in line with previous research which states that audit quality influences profit management Boedhi, Ratnaningsih (2015), Amijaya and Pratiwi (2013). In this case, higher auditor quality can reduce the level of discretion accruals (Becker et al., 1998; Johnson et al., 2002; Balsam et al., 2003). This will cause client accounting flexibility from the auditor quality is hampered. However, it turns out that this actually has an impact on the shift in earnings management methods, namely the manipulation of real activities. As a consequence of hampered accrual cost management, clients with higher audit quality will switch to real earnings management when the company has a strong incentive to carry out earnings management.

This research has several limitations that need to be considered The research sample used uses data from the Financial Professional Development Center (P2PK), for 2018 data on the number of auditors is not yet available.There are still other variables that influence earnings management that are not included in the research so there is still a lot of room for further research. The suggestions for further research are, to measure audit quality, input, process and output should be considered. The dimensions used in this research are only contextual, namely audit fees and audit industry specialization. Future research is expected to use parts of the input including objectivity, integrity, independence, professionalism and skepticism. The process

factors include auditing standards, regulations, quality control, use of information technology, effective and efficient interaction. The output factor is audit opinion. The research sample was expanded, not only from the transportation services sector. Future research could also use samples from the financial industry sector or industrial sectors other than transportation services. In this research, it is said that tax planning does not have a partial influence on earnings management. For further research, it is hoped that this variable will be replaced with other variables that have an influence on earnings management. The sample used was only 16 companies in the transportation services sector in the period 2018-2023. In future research, it is hoped that the research sample and research years will be expanded.

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