

The Impact of External Audit Quality on the Market Value of Jordanian Industrial Companies Listed in Amman Stock Exchange

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ABSTRACT

The main objective of this study is to investigate the impact of External Audit Quality on the Market Value of Jordanian Industrial Companies Listed in Amman Stock Exchange. To achieve the objectives of the study, the researcher collected data from 61 industrial companies listed on the Amman Stock Exchange (ASE) during the period 2013 to 2017. Total annual observations of these companies used in the analysis were 305 firm-year observations. Multiple regression was used to test the hypotheses.

The audit fees, the type of auditor's report, the auditee size and the audit tenure was used to measure the audit quality. Whereas the Tobin's Q was used as a proxy to the market value of the company. The results showed that there is a positive and statistically significant impact of the (audit fees, the auditee size) on the market value of the company. In addition, the results showed that there is a negative and statistically significant impact of the audit tenure on the market value of the company. While the results showed that, the type of auditor's report is not statistically significantly on the market value of the company.

Keywords: Audit quality, the type of auditors report, Financial Leverage, auditor size and market value of the company.