

The Impact of Audit Quality on the Integrated Reporting Quality of Jordanian Services Companies: The Mediating Role of Earnings Management Practices

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Abstract

The purpose of this study was to look into the relationship between audit quality, earnings management practices, and integrated reporting (IR) quality in Jordanian public shareholding services companies. Furthermore, the role of earnings management practices as a mediator in the relationship between audit quality and integrated reporting quality was investigated. The research population included all services companies listed on the Amman Stock Exchange between 2013 and 2022. Using a comprehensive survey method according to the content analysis, the study sample comprised 43 companies. The findings of this study show that audit firm size and the audit firm's specialization have a significant positive effect on IR quality, while the audit firm's turnover has a positive but not significant impact on IR quality. Audit quality (measured by the size, specialization, and turnover of the audit firm) also has a significant negative influence on earnings management practices. Besides, there is a significant negative impact of earnings management practices on IR quality. Moreover, earnings management practices mediate the relationship between audit firm size and audit firm specialization as proxies for audit quality and IR quality, whereas earnings management practices had no significant intermediate effect in the relationship between audit firm turnover and IR quality. Finally, these findings provide decision-makers and policymakers with practical knowledge regarding the factors that influence the IR quality and earnings management practices.

Keywords: Audit quality, integrated reporting, earnings management, Jordanian service companies.