

***THE EFFECT OF AUDIT QUALITY AND AUDITOR INDEPENDENCE ON
EARNING MANAGEMENT THROUGH REAL ACTIVITIES WITH
FINANCIAL DISTRESS AS INTERVENING VARIABLE***

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Abstract

This research investigates the effect of audit firm size and auditor industry specialization that proxies audit quality, and auditor independence on real earning management through financial distress as an intervening variable. The samples of 96 manufacturing companies listed on the Indonesian Stock Exchange in the periods of 2017-2019 were using purposive sampling for the selection of research samples. The analysis technique used structural equation modeling of Partial Least Square (PLS) software 3.2.9 with a significant level of 5%. The results of this study found that (1) The audit firm size has a significant negative on real earning management, (2) The auditor industry specialization has no significant on real earning management, (3) The auditor independence has a significant negative on real earning management, (4) The financial distress has significant positive on real earning management, (5) The audit firm size has no significant on financial distress, (6) The auditor industry specialization has significant positive on financial distress, (7) The auditor independence has significant positive on financial distress, (8) The audit firm size has no significant on real earning management through financial distress, (9) The auditor industry specialization has significant positive on real earning management through financial distress, (10) The auditor independence has significant positive on real earning management through financial distress.

Keywords: *Real earning management, audit firm size, auditor specialization, auditor independence, financial distress, audit quality*

**PENGARUH *AUDIT QUALITY* DAN INDEPENDENSI AUDITOR
TERHADAP MANAJEMEN LABA MELALUI AKTIVITAS RIIL
DENGAN VARIABEL INTERVENING *FINANCIAL DISTRESS***

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Abstrak

Penelitian ini bertujuan untuk meneliti pengaruh ukuran KAP dan spesialisasi industri auditor yang memproksikan kualitas audit dan independensi auditor terhadap manajemen laba riil melalui variabel intervening *financial distress*. Penelitian ini menggunakan 96 sampel perusahaan manufaktur yang terdaftar dalam Bursa Efek Indonesia pada periode penelitian 2017-2019 dengan metode *purposive sampling*. Teknik analisis pada penelitian ini menggunakan model persamaan struktural pada *software* SmartPLS 3.2.9 dengan tingkat signifikan sebesar 5%. Hasil dari penelitian ini diperoleh yaitu (1) ukuran KAP berpengaruh signifikan negatif terhadap manajemen laba riil, (2) Spesialisasi industri auditor tidak berpengaruh terhadap manajemen laba riil, (3) Independensi auditor berpengaruh signifikan negatif terhadap manajemen laba riil, (4) *Financial distress* berpengaruh signifikan positif terhadap manajemen laba riil, (5) ukuran KAP tidak berpengaruh terhadap *financial distress*, (6) Spesialisasi industri auditor berpengaruh signifikan positif terhadap *financial distress*, (7) Independensi auditor berpengaruh signifikan positif terhadap *financial distress*, (8) ukuran KAP tidak berpengaruh terhadap manajemen laba riil melalui *financial distress*, (9) Spesialisasi industri auditor berpengaruh positif terhadap manajemen laba riil melalui *financial distress*, (10) Independensi berpengaruh positif terhadap manajemen laba riil melalui *financial distress*

Kata kunci: Manajemen laba riil, ukuran KAP, spesialisasi industri auditor, independensi auditor, *financial distress*, kualitas audit