EFFECT OF EARNINGS QUALITY AND BOARD INDEPENDENCE ON AUDIT FEES: THE CASE OF THE AMMAN STOCK EXCHANGE

Hussein Mohammed Alrabba *

* Yarmouk University, Irbid, Jordan
Contact details: Yarmouk University, P. O. Box 566, 21163 Irbid, Jordan

OPEN ACCESS

How to cite this paper: Alrabba, H. M. (2024). Effect of earnings quality and board independence on audit fees: The case of the Amman Stock Exchange. *Corporate Board: Role, Duties and Composition*, *20*(3), 85–90.
https://doi.org/10.22495/cbv20i3art8

ISSN Online: 2312-2722
ISSN Print: 1810-8601

Received: 21.03.2024
Accepted: 11.11.2024

JEL Classification: M41, M42, M48
DOI: 10.22495/cbv20i3art8

Abstract

The impact of earnings management and audit independence on audit fees for businesses listed on the Amman Stock Exchange (ASE) is analyzed in-depth in this research. The institutional framework with severe earnings management and inadequate corporate governance tools served as the technique for this test. The findings, which are based on a sample of 50 companies during the years 2018–2022, demonstrate a favorable correlation between auditing fees and board independence. Additionally, the results show that for small-sized enterprises, audit fees, and earnings management have a favorable link. All of the findings point to a possible strong correlation between audit fees and earnings management as well as a relationship between higher demand for audit services and successful governance.

Keywords: Corporate Governance, Board of Directors, Audit, Earnings Management

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

1. INTRODUCTION

A key component of corporate governance is auditing. In 1990, the International Standards on Auditing (ISA) were embraced by the Jordanian Association of Certified Public Accountants (JACPA) (Awwad & Rashid, 2019). "An audit committee should also ensure the soundness of the internal control procedures in detecting and preventing errors, frauds, and malpractices" (Shbeilat, 2013, p. 24).

The most important and demanding subcommittee of the board of directors of any firm is known as the audit committee. It is regarded as the keeper of a business's financial integrity. The security of released financial statements of businesses with audit committees is enhanced by the audit committees' increased effectiveness in managing the financial statement preparation process, which stems from the boards of management of the companies in question (Aanu et al., 2014).

The main aim of this study is to research the effect of earning quality and board independence on audit fees in the companies listed on the Amman Stock Exchange (ASE).

The rest of the paper consists as follows. Section 2 reviews the literature. Section 3 researches the methodology. Section 4 presents the results and discussion. Section 5 provides the conclusions and recommendations.

2. LITERATURE REVIEW

The literature on earnings management makes an effort to determine whether it occurs, what the consequences are, and how and why managers manipulate earnings (McNichols, 2000; Healy & Wahlen, 1999). According to Phillips et al. (2003), earnings management is, in general, a technique to produce accounting earnings through the use of managerial discretion over accounting decisions.

Furthermore, earnings management is not to be confused with illicit activities that try to manipulate financial results, according to definitions that are frequently put forth in academic literature. The generally accepted accounting rules, or generally accepted accounting principles (GAAP), are applied discretionarily in the management of earnings (Hunt et al., 1996).

The distinction between legal and illicit earnings management is summarized in the levels of earnings management. Accounting can be 1) conservative when the recognition of provisions and 2) depending on the form of reporting.

The market acceptance of an audit business is dependent on the quality of its services, and if an audit failure damages the auditor's reputation, they will lose reputational capital. Also, according to DeAngelo (1981), bigger companies will produce audits of a better caliber since they stand to lose the most in terms of reputational capital. The findings of this study have led to the use of auditor size as a proxy for audit quality in numerous studies, and empirical research has supported the claim that audit quality differs according to the size of the audit firm (Simunic & Stein, 1995). According to Becker et al. (1998), the auditor's brand name has also been utilized as a stand-in for audit quality.

An analytical model by Dye (1995) demonstrates that the auditor is responsible for both direct costs — the expense of doing the audit — and indirect costs — the auditor's potential guilt. In reaction to rising risk, auditors adjust audit procedures, increase the anticipated audit effort, and raise billing rates, as shown by Bedard and Johnstone (2004). Numerous further research demonstrates that when an auditor faces a higher risk of a lawsuit, the audit company will charge a higher price to the client; riskier corporations would incur higher audit costs (Charles et al., 2010). According to these findings, higher fees correspond with increased audit efforts. It makes sense that a more extensive audit would limit the client firm's capacity to control profits.

Conversely, auditors who receive unusually large fees could be more inclined to give the client more latitude when it comes to disclosing earnings. According to DeAngelo (1981), if a customer has a hefty financial influence on the audit business, auditors are more likely to abide by their requests. In these cases, the auditor runs the danger of forfeiting future quasi-rents in the form of payments if a customer cancels the audit services. As stated by certain data published by Frankel et al. (2002), customers of auditors who account for a larger proportion of non-audit costs billed to them typically report higher absolute values of discretionary accruals. This result would be in line with the model proposed by DeAngelo (1981).

The correlation among audit fees, the caliber of earnings, and board independence are examined in this paper. This relationship is considered significant from both a professional and academic standpoint. Numerous studies on audit fees and auditor conduct have produced inconsistent findings. However, this relationship is significant for regulatory programs for the construction of appropriate corporate governance procedures, measures for cumulative auditor independence, and the appropriate organization of the profession (Leventis & Dimitropoulos, 2010). Managers should be enticed to manipulate earnings, according to recommendations (DeFond & Park, 1997). However, it has been proposed that the expenses associated with reputational harm and audit failures may indicate an alternative course (DeAngelo, 1981; Simunic, 1984; Leventis & Dimitropoulos, 2010; Chi et al., 2011). Chi et al.'s (2011) study aimed to know the impression of the audit quality and actual practice management of profits, the presence of strong incentives completed the study on receivables management carried out on 925 properties between 2001 and 2008. Also, the study by Almomani and Ayedh (2017) discovered a relationship between the auditor's experience in the client's industry, the amount of the auditor's fees to exercise real incomes in Spain's management, and the duration of the customer's holding and management of real profits. The Jordanian Corporate Governance Code (CGC) stipulates that independent members should make up one-third of the board (Alrabba et al., 2018). Issa et al. (2016) intended to distinguish the impact of the size of the audit facility, reputation, and performance audits — the audit office assigns the client industry — and the quality of the audit; conversely, the study revealed a negative relationship between the quality of the scrutiny of the conduct of the profit management and the audit quality of the operations of the profit management in the Egyptian market, based on a sample of 74 directors of external audit offices (Almomani & Ayedh, 2017). This implies that high-quality audit performance will positively affect the quality of the published financial lists (Puat Nelson & Devi, 2013).

This gives way to the hypothesis that.

H1: Ceteris paribus, that audit fees are not associated with board independence.

H2: Ceteris paribus, audit fees are not associated with earnings management.

3. RESEARCH METHODOLOGY

3.1. Research sample

Members of the audit committee must be independent or free from the influence and demands of upper management in order for their effectiveness to be confirmed (Payamta et al., 2024; Carcello et al., 2011; Kostyuk, 2003).

An autonomous audit committee exerts greater influence than one that is less independent, despite earlier research's inconclusive findings (Kenfang Wambe, 2024; Hasnan et al., 2022).

This is because the former study's participants were better able to resist managerial pressure (Al-Matari et al., 2012; Kallamu & Saat, 2015). In asimilar vein, there is a positive correlation between independent director-led audit committees and financial reports of superior quality and minimal false reporting (Teitel & Machuga, 2010). Previous research findings demonstrate that the audit committee's independence is useful in regulating financial statements (Aldamen & Duncan, 2016), as there were 225 observations that could be used for analysis, this represents 71.5% of the study's overall population. For a corporation to be part of the research sample, it has to fulfill two

requirements (Almomani & Ayedh, 2017). The first requirement is that the company's vital information be available; the second is that it cannot have closed or merged with another business throughout the study's duration.

3.2. Control variables

Our expectations and control variables are derived from the previously stated literature. According to suggestions and findings, the best descriptive variable is company size (*SIZE*) (Almomani & Ayedh, 2017). With the natural logarithm of total assets, we calculate the size of the company.

It has been proposed that audit quality is determined by the kind of auditor (*AUD*), which is determined by the dummy variable Big 5/non-Big 5.

Listing age (*LISTAGE*) may have an impact on how strong audit fees are. Listing age is defined by the number of years the company has been listed on the ASE, with respect to its data being widely and publicly available.

Since previous research suggests consideration, leverage (*LEV*) and current ratio (*CUR*) are taken into account (Almomani & Ayedh, 2017).

Remarks (*REM*) refer to audit ("subject to") qualifications. We have found through our target data that the "subject to" qualifications have shown a great impact on the audit fees for many firms, as backed by previous literature also (Larcker & Richardson, 2004).

The square root of the number of subsidiaries indicates the organizational complexity (Almomani & Ayedh, 2017) or "*SqSUB*" as used in the equation given below. These subsidiaries also play a significant role in the audit fees model.

It has been proposed that return on assets (*ROA*) and loss from the previous fiscal year (*LOSS*) serve as proxies for audit risk and have an impact on audit fees (Larcker & Richardson, 2004).

Finally, we control industry differences, including manufacturing (*MANU*), and services (*SERV*). Financial institutions have been excluded from this case study in point.

$$AF = \beta_0 + \beta_1 ADA_j + \beta_2 BoDIND_j + \beta_3 SIZE_j + \beta_4 AUD_j + \beta_5 LISTAGE_j + \beta_6 REM_j + \beta_7 SqSUB_j + \beta_8 PO_j + \beta_9 FOREIGN_j + \beta_{10} LEV_j + \beta_{11} CUR_j + \beta_{12} LOSS_j + \beta_{13} ROA_j + \sum_{j=14}^{17} \beta_j YEARS_j + \beta_{18} MANU_j + \beta_{19} SERV_j + u_j \quad (1)$$

where,

- *SIZE* — natural logs of total assets;
- *ADA* — earnings management;
- *BoDIND* — represents the proportion of independent directors to all board members;
- *AF* — audit fees;
- *AUD* — dummy variable (1 in case of a Big 4, 0 otherwise);
- *LISTAGE* — the number of fiscal years from the initial listing;
- *SqSUB* — the square root of the number of subsidiaries that are directly owned;
- *FOREIGN* — the presence of foreign income tax paid;
- *REM* — the total number of qualifications that are "subject to" in the audit report (if the corporation issues capital on a yearly basis, then 1 for the *PO* dummy variable, 0 otherwise;
- *CUR* — the current asset-to-total asset ratio;
- *YEARS* — dummy variable for 2018–2022;
- *LOSS* — dummy variable;
- *LEV* — book value of total equity less long-term debt 1;
- *ROA* — profit before interest and tax to total asset;
- *MANU* — dummy variable (1 for a manufacturing company, 0 otherwise);
- *SERV* — dummy variable (1 for a service company, 0 otherwise).

The variance inflation factor (VIF) was then applied. The model is very suitable for evaluating the impact of independent variables on dependent variables since the VIF coefficient for each variable is not greater than five. This indicates that there is no overlapping among the variables (Almamani & Ayedh, 2017).

Table 1 indicates the descriptive analysis of the independent and dependent variables that were used in this study. Which was later used to calculate and understand the correlation between the variables.

Table 2 shows the correlation between the variables that were used. This indicated that the multicollinearity was not shown as a serious problem. This data gave way to the fact that the co-existing of these variables may have an impact on the audit fees of firms in light of earnings management and the independence of the board of directors. The size and type of auditor seem to play a major role in the audit fees of the company.

Table 1. Descriptive statistics for continuous variables

Variable	Mean	Std. dev.	Median	Minimum	Maximum
ADA	0.0317	0.2335	0.0005	0	4.235
BoDIND	0.3925	0.1328	0.3214	0	0.87
SIZE	198.7	647.3	125.5	3.55	2354.6
LISTAGE	16.1	14.6	11.1	0	96
REM	3.44	1.66	2.2	0	15
SqSUB	4.55	3.76	3.22	0	39
LEV	0.6523	0.1112	0.378	0	1.8
CUR	2.436	5.897	1.323	0.005	92.4
ROA	0.167	0.198	0.142	0.003	0.142

Table 2. Matrix of correlation for continuous variables

Variable	*ADA*	*BoDIND*	*SIZE*	*LISTAGE*	*REM*	*SqSUB*	*LEV*	*CUR*	*ROA*
ADA	1.000								
BoDIND	-0.088	1.00							
SIZE	0.007	0.113	1.00						
LISTAGE	-0.567	0.199	-0.178	1.00					
REM	0.364	-0.098	0.022	-0.065	1.00				
SqSUB	0.032	0.032	0.465	-0.045	0.122	1.00			
LEV	0.043	0.018	-0.017	-0.026	0.039	-0.015	1.00		
CUR	-0.003	0.012	-0.144	0.005	-0.023	-0.125	-0.012	1.00	
ROA	0.002	-0.013	0.125	-0.025	-0.015	0.035	0.007	-0.032	1.00

4. RESULTS AND DISCUSSION

According to the findings of earlier research (Leventis & Dimitropoulos, 2010), the two main variables influencing audit fees seem to be the *SIZE* and *AUD*. It was discovered that the number of subsidiaries, audit credentials, listing age, and services were significant control factors with the predicted sign. This implies that audit fees represent both organizational complexity and audit risk.

Griffin et al. (2008), in contrast to Antle et al. (2006), contends that simultaneous equation models yield estimates that are comparable to those of single models.

Table 3. Findings using ordinary least squares regression for audit fees in both small and large businesses

Variable	*Predicted sigh*	*Median total assets*			
		Large companies		*Small companies*	
		t-value	*VIF*	*t-value*	*VIF*
Constant		34.436		69.458	
Main variables					
ADA	+/-	0.356	1.34	4.978	1.37
BoDIND	+/-	4.335	1.56	0.684	1.95
Control variables					
AUD	+	5.442	1.74	8.689	1.84
LISTAGE	-	-0.675	1.78	-2.982	1.45
REM	+/-	-1.057	1.85	-2.018	1.88
SqSUB	+	2.337	1.42	3.716	1.59
PO	+	-0.255	1.66	0.446	1.94
LEV	+	-0.056	1.86	0.243	1.05
CUR	+	-1.098	1.55	-2.688	1.65
LOSS	+/-	-0.559	1.88	1.456	1.08
ROA	+/-	1.096	1.29	-1.782	1.26
2018	+/-	-1.44	1.86	2.341	1.30
2019	+/-	-0.445	1.55	-2.220	1.50
2020	+/-	-0.341	1.48	-1.385	1.59
2021	+/-	0.635	1.59	1.693	1.84
2022	+/-	1.088	1.94	2.742	1.48
MANU	+	1.677	1.46	-1.822	1.36
SERV	-	-3.235	1.96	-2.966	1.75
Adj. R^2		0.524		0.422	
F-value		9.222		8.774	
F-sig.		0		0	

Coming to Table 3, we examine the size effect by extracting from earlier research (Larcker & Richardson, 2004). Based on the total asset median, we divided the entire sample into upper (big companies) and lower (small companies) halves. Regression research on audit fees for large and small businesses shows that while board independence was important for larger businesses, earning management had an impact on smaller businesses. The number of subsidiaries showed a higher level of significance for both samples. Finally, the services sector was seen to be lower for both samples. Similarly, the data has suggested that the larger firms and smaller firms seem to work in opposite directions. The data also suggests that there was no problem of multi-correlation between the two segments. We can also assess that the services are more inclined toward the lower price for both segments.

Table 4. Ordinary least squares regression analysis results on audit fees for businesses with independent management (Part 1)

Variable	*Predicted sigh*	*Median total assets*			
		Large companies		*Small companies*	
		t-value	*VIF*	*t-value*	*VIF*
Constant		28.376		56.978	
Main variables					
ADA	+/-	0.632	1.43	2.778	1.46
Control variables					
SIZE	+	4.394	2.01	2.597	1.45
AUD	+	3.952	1.38	7.495	1.48
LISTAGE	-	-1.432	1.38	-2.125	1.74
REM	+/-	-1.326	1.99	-2.234	1.98
SqSUB	+	1.975	1.39	0.485	1.289
PO	+	-0.992	1.27	0.285	1.84

Table 4. Ordinary least squares regression analysis results on audit fees for businesses with independent management (Part 2)

Variable	*Predicted sigh*	*Median total assets*			
		Large companies		*Small companies*	
		t-value	*VIF*	*t-value*	*VIF*
LEV	+	0.094	1.83	-0.183	1.79
CUR	+	-1.645	1.39	-1.396	1.44
LOSS	+/-	-0.836	1.86	0.989	1.26
ROA	+/-	-0.994	1.38	0.299	1.26
2018	+/-	-0.998	1.37	-2.01	0.997
2019	+/-	-1.345	1.31	-1.936	1.39
2020	+/-	0.235	1.38	-1.247	1.36
2021	+/-	1.215	1.87	1.939	1.84
2022	+/-	1.036	1.94	0.93	1.50
MANU	+	0.873	1.27	-0.245	1.37
SERV	-	-2.948	1.57	-3.928	1.84
Adj. R^2		0.4367		0.396	
F-value		11.355		9.846	
F-sig.		0		0	

Next, we analyzed the effect of less independently managed firms and their effect on audit fees. Which can be seen in Table 4. Based on the median, we divided the entire sample into upper (more independently managed) and lower (less independently managed) portions. The data indicated that both more or less independently managed companies don't show a serious problem of multi-correlation. The size of *SqSUB* was seen as stronger only for the better-governed firms while less-governed firms need more adequate policies that will govern the audit fees and earning management for the future. These results also suggest that better-governed firms might have more adequate policies, but they do not demonstrate a strong correlation between audit quality and earnings management.

5. CONCLUSION

The primary objective of the study was to investigate audit fees, earning management, and board independence of listed manufacturing firms in ASE (Almomani & Ayedh, 2017). According to our preliminary findings, companies with stronger governance practices typically observe policies more frequently. Increased shareholder shelters or board self-defence procedures may be the cause of better audit quality. We discovered that in smaller, less autonomously managed organizations, there was a substantially closer association between the auditor's financial situation and earnings management. For the entire sample of major enterprises, our findings on earnings management were not particularly encouraging.

Our findings do not conclusively show that lower earnings quality is the reason why auditors receive higher rates. Empirical data from Fan and Wong (2004) suggests that auditors in developing economies play a further role in corporate governance. Therefore, additional research that is outside the purview of this study may be able to clarify if noteworthy findings for smaller and less independent businesses point to the existence of warning signs for these traits in general or point to deficient internal control and accounting procedures. Our findings suggest that earning quality and board independence may or may not have a significant impact on the audit fees, even in the case where audit fees and earnings management are found to be systematically correlated.

Furthermore, we would want to conclude that there was a significant association between earnings management and audit fees. In contrast, there was a strong correlation for small enterprises between the size of audit firms and earnings management, suggesting that audit quality has a big impact on how earnings management is perceived.

It is recommended that future research evaluate performance, business risk, corporate governance, earnings management, and audit quality using a different scale.

REFERENCES

Aanu, O. S., Odianonsen, I. F., & Foyeke, O. I. (2014). Effectiveness of audit committee and firm financial performance in Nigeria: An empirical analysis. *Journal of Accounting and Auditing: Research & Practice, 2014*, Article 301176. https://doi.org/10.5171/2014.301176

Aldamen, H., & Duncan, K. (2016). Does good corporate governance enhance accruals quality during financial crises? *Managerial Auditing Journal, 31*(4–5), 434–457. https://doi.org/10.1108/MAJ-06-2015-1206

Al-Matari, Y. A., Al-Swidi, A. K., Fadzil, F. H. B., & Al-Matari, E. M. (2012). Board of directors, audit committee characteristics and the performance of Saudi Arabia listed companies. *International Review of Management and Marketing, 2*(4), 241–251. https://www.econjournals.com/index.php/irmm/article/view/303

Almomani, T. M., & Ayedh, A. M. (2017). The impact of audit quality on the earnings management: Evidence from manufacturing firms in Amman Stock Exchange. *International Journal of Management and Applied Science, 3*(12), 85–88. http://surl.li/birdth

Alrabba, H. M., Abu Haija, A. A., AlQudah, A. M., & Azzam, M. J. (2018). The mediating role of foreign ownership in the relationship between board characteristics and voluntary disclosures of Jordan banks. *Academy of Accounting and Financial Studies Journal, 22*(6), 1–16. http://surl.li/wedsks

Antle, R., Gordon, E., Narayanamoorthy, G., & Zhou, L. (2006). The joint determination of audit fees, non-audit fees, and abnormal accruals. *Review of Quantitative Finance and Accounting, 27*, 235–266. https://doi.org /10.1007/s11156-006-9430-y

Awwad, S. A. E., & Rashid, N. M. N. N. M. (2019). Impact of audit committee characteristics on the earnings quality. *American Based Research Journal, 8*(2), 1–8. http://dx.doi.org/10.5281/zenodo.3456726

Becker, C. L., Defond, M. L., Jiambalvo, J., & Subramanyam, K. R. (1998). The effect of audit quality on earnings management. *Contemporary Accounting Research, 15*(1), 1–24. https://doi.org/10.1111/j.1911-3846.1998.tb00547.x

Bedard, J. C., & Johnstone, K. M. (2004). Earnings manipulation risk, corporate governance risk, and auditors' planning and pricing decisions. *The Accounting Review, 79*(2), 277–304. https://doi.org/10.2308/accr.2004.79.2.277

Carcello, J. V., Hermanson, D. R., & Ye, Z. (2011). Corporate governance research in accounting and auditing: Insights, practice implications, and future research directions. *AUDITING: A Journal of Practice & Theory, 30*(3), 1–31. https://doi.org/10.2308/ajpt-10112

Charles, S. L., Glover, S. M., & Sharp, N. Y. (2010). The association between financial reporting risk and audit fees before and after the historic events surrounding SOX. *Auditing: A Journal of Practice & Theory, 29*(1), 15–39. https://doi.org/10.2308/aud.2010.29.1.15

Chi, W., Lisic, L. L., & Pevzner, M. (2011). Is enhanced audit quality associated with greater real earnings management? *Accounting Horizons, 25*(2), 315–335. https://ssrn.com/abstract=1904481

Chi, W., Lisic, L. L., & Pevzner, M. (2011). Is enhanced audit quality associated with greater real earnings management? *Accounting Horizons, 25*(2), 315–335. https://doi.org/10.2308/acch-10025

DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics, 3*(3), 183–199. https://doi.org/10.1016/0165-4101(81)90002-1

Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1995). Detecting earnings management. *The Accounting Review, 70*(2), 193–225. http://sseriga.free.fr/course/uploads/FA%20-%20PM/Dechow_et_al_1995.pdf

DeFond, M. L., & Park, C. W. (1997). Smoothing income in anticipation of future earnings. *Journal of Accounting and Economics, 23*(2), 115–139. https://doi.org/10.1016/S0165-4101(97)00004-9

Dye, R. A. (1995). Incorporation and the audit market. *Journal of Accounting and Economics, 19*(1), 75–114. https://doi.org/10.1016/0165-4101(94)00375-F

Fan, J. P. H., & Wong, T. J. (2004). *Politically-connected CEOs, corporate governance and post-IPO performance of China's partially privatized firms*. http://doi.org/10.2139/ssrn.642441

Frankel, R. M., Johnson, M. F., & Nelson, K. K. (2002). The relation between auditors' fees for nonaudit services and earnings management. *The Accounting Review, 77*(1), 71–105. https://doi.org/10.2308/accr.2002.77.s-1.71

Griffin, P. A., & Lont, D. H., & Sun, Y. (2008). Corporate governance and audit fees: Evidence of countervailing relations. *Journal of Contemporary Accounting & Economics, 4*(1), 18–49. https://doi.org/10.1016/S1815-5669(10)70028-X

Hasnan, S., Eskandar, N. S. M., Mohamed Hussain, A. R., Al-Dhubaibi, A. A. S., Kamal, M. E. M., & Kusumaningtias, R. (2022). Audit committee characteristics and financial restatement incidence in the emerging market. *Corporate & Business Strategy Review, 3*(2), 20–33. https://doi.org/10.22495/cbsrv3i2art2

Healy, P. M., & Wahlen, J. M. (1999). A review of the earnings management literature and its implications for standard setting. *Accounting Horizons, 13*(4), 365–383. https://doi.org/10.2308/acch.1999.13.4.365

Hunt, A., Moyer, S. E., & Shevlin, T. (1996). Managing interacting accounting measures to meet multiple objectives: A study of LIFO firms. *Journal of Accounting and Economics, 21*(3), 339–374. https://doi.org/10.1016/0165-4101(96)00422-3

Issa, H., Sun, T., & Vasarhelyi, M. A. (2016). Research ideas for artificial intelligence in auditing: The formalization of audit and workforce supplementation. *Journal of Emerging Technologies in Accounting, 13*(2), 1–20. https://doi.org/10.2308/jeta-10511

Kallamu, B. S., & Saat, N. A. M. (2015). Audit committee attributes and firm performance: Evidence from Malaysian finance companies. *Asian Review of Accounting, 23*(3), 206–231. https://doi.org/10.1108/ARA-11-2013-0076

Kenfang Wambe, L. (2024). The effectiveness of regulatory and technological mechanisms of banking internal control: An exploration based on the origins of banks. *Risk Governance and Control: Financial Markets & Institutions, 14*(2), 44–53. https://doi.org/10.22495/rgcv14i2p5

Kostyuk, A. (2003). Board practices: An international review. *Corporate Ownership & Control, 1*(1), 102–111. https://doi.org/10.22495/cocv1i1p7

Larcker, D. F., & Richardson, S. A. (2004). Fees paid to audit firms, accrual choices, and corporate governance. *Journal of Accounting Research, 42*(3), 625–658. https://doi.org/10.1111/j.1475-679X.2004.t01-1-00143.x

Leventis, S., & Dimitropoulos, P. E. (2010). Audit pricing, quality of earnings and board independence: The case of Athens Stock Exchange. *Advances in Accounting, 26*(2), 325–332. https://doi.org/10.1016/j.adiac.2010.08.002

McNichols, F. M. (2000). Research design issues in earnings management studies. *Journal of Accounting and Public Policy, 19*(4–5), 313–345. https://doi.org/10.1016/S0278-4254(00)00018-1

Payamta, P., Sulistio, E. J. S., & Ardianingsih, A. (2024). The analysis of the characteristics of external auditor and audit committees: Tax avoidance. *Risk Governance and Control: Financial Markets & Institutions, 14*(2), 8–14. https://doi.org/10.22495/rgcv14i2p1

Phillips, J., Pincus, M., & Rego, S. O. (2003). Earnings management: New evidence based on deferred tax expense. *The Accounting Review, 78*(2), 491–521. https://doi.org/10.2308/accr.2003.78.2.491

Puat Nelson, S., & Devi, S. (2013). Audit committee experts and earnings quality. *Corporate Governance International Journal of Business in Society, 13*(4), 335–351. https://doi.org/10.1108/CG-02-2011-0009

Shbeilat, M. K. (2013). *The Jordanian Corporate Governance Code: A study of institutional investors' perception of the reliability of the audit report and the audit expectation gap* [Doctoral dissertation, Australian Catholic University]. https://shorturl.at/mCPvW

Simunic, D. A. (1984). Auditing, consulting, and auditor independence. *Journal of Accounting Research, 22*(2), 679–702. https://doi.org/10.2307/2490671

Simunic, D. A., & Stein, M. T. (1995). Education: The auditing marketplace. *CA Magazine — Chartered Accountant, 128*(1), 53–59.

Teitel, K., & Machuga, S. (2010). The interaction of audit firm quality and the Mexican code of best corporate practices on earnings quality. *Review of Business Research, 10*(1), 32–40.