

ABSTRACT

In the context of Indonesia's manufacturing sector, there is a lack of studies examining the relationship between audit quality and the value relevance of accounting information, particularly regarding the impact of audit quality attributes, such as audit firm size, on earnings and book value. This study aims to address these gaps by investigating the influence of audit quality attributes on the value relevance of accounting information, with a specific focus on the manufacturing sector in Indonesia.

To address this, a sample of 120 firm-year observations from public manufacturing companies listed on the Indonesia Stock Exchange was analysed using multiple regression based on the Feltham-Ohlon (1995) model of value relevance. Various statistical techniques were employed including the normality test, multicollinearity tests, R-squared test, F-Test, and the T-Test with robust standard error.

The results indicate that while audit firm size does not have a significant effect on the value relevance of book value per share, it positively influences the value relevance of earnings per share. Moreover, the inclusion of control variables, such as loss, firm size, leverage, and profitability, helps account for variances in the relationship between audit quality and the value relevance of accounting information.

Keywords: audit firm size, value relevance, earnings per share, book value per share, manufacturing firms.

