

Independent study title	AUDIT QUALITY AND REAL EARNINGS MANAGEMENT: EVIDENCE FROM THAILAND
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ABSTRACT

This study aims to investigate whether audit quality is related to real earnings management in Thailand, with a total of 368 listed companies or 2,576 observations in 2013–2019. In addition, this study uses a balanced-panel data set, which is defined as a set of observation units in every observation time period. Results indicate that the audit fee is significantly and negatively related to abnormal discretionary expense, and big4 is insignificant. The negative relationship between audit quality and real earnings management indicates that a high audit fee is associated with lower abnormal discretionary expense. Moreover, audit fee and big4 are insignificant in abnormal operating cash flow and abnormal production cost. The overall signs of real earnings management activities as signalled by the real earnings management index show insignificant results in audit fee and big4 audit firms.

Keywords: real earnings management, audit quality