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Earnings Quality in Motion: Analyzing the Role of Profitability, Firm Characteristics, and Audit Practices (2019–2023)

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ABSTRACT
The transportation and logistics sector plays a crucial role in supporting consumption activities across communities and industries, including trade, services, manufacturing, and construction. These sectors are widely recognized as key drivers of national economic growth. This study aims to examine the impact of Profitability, Company Size, Company Age, Audit Quality, and Audit Committee on Earnings Quality within the transportation and logistics sector during the period 2019–2023. The research utilizes secondary data derived from company financial statements, with a purposive sampling method employed to select the sample. A total of 22 companies were included in the study. Quantitative analysis was conducted using SmartPLS. The findings reveal that Company Size has a negative effect on Earnings Quality, while Company Age has a positive effect. Meanwhile, Profitability, Audit Quality, and Audit Committee were found to have no significant effect on Earnings Quality. High-quality earnings reflect a company's true financial performance and serve as a reliable indicator for predicting future earnings.

Keywords: *Profitability, Company Size, Company Age, Audit Quality, Audit Committee, Earnings Quality*

1. Introduction

The transportation sector is a critical component of Indonesia's economy, acting as a backbone for economic growth, facilitating the movement of people, goods, and services. It provides essential infrastructure for human mobility, accessibility to education and healthcare, and plays a pivotal role in bridging regional disparities through significant projects such as the Trans-Java and Trans-Sumatra toll roads. The development of these transport corridors has fostered enhanced connectivity, contributing to improved economic opportunities in more remote areas. Additionally, the maritime and air transport sectors are crucial for domestic and international trade, driving the nation's participation in the global economy. The **Tol Laut** (Sea Toll) program, for example, aims to strengthen inter-island connectivity, thereby addressing price discrepancies between various regions and supporting equitable economic growth across the archipelago.

The rapid growth of air transport has been driven by increasing demand for express delivery services, tourism, and international trade. Expanding infrastructure, such as the Soekarno-Hatta International Airport and modernization of major seaports, has been a key factor in this growth. These infrastructure improvements not only support domestic travel but also facilitate Indonesia's position as a major player in global trade and tourism. Furthermore, digitalization has revolutionized the transportation and logistics sector, bringing about greater operational efficiency through the use of technologies like GPS, the Internet of Things (IoT),

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and transportation management systems. These innovations have significantly reduced operational costs and improved the speed and reliability of services across the entire logistics and transportation ecosystem.

Startups like Gojek and Grab have further transformed the sector, providing on-demand delivery services that offer consumers flexibility and speed. These platforms have changed the way goods and services are delivered in urban and rural areas alike, demonstrating how the application of technology can lead to greater economic integration and meet the growing needs of Indonesia's vast population. The emergence of these platforms marks a critical shift in the landscape of the transportation sector, creating new opportunities for businesses and consumers to interact with transportation services in more dynamic and flexible ways.

The government and private sector continue to prioritize the enhancement of transportation infrastructure and the adoption of advanced technologies. This ongoing investment is critical to ensuring that the transportation sector can sustain economic growth while meeting the evolving demands of society. From 2019 to 2023, Indonesia's economy saw considerable fluctuations, driven by changes in government policies, global challenges, and the contributions of key sectors, particularly transportation and logistics. In 2019, the economy grew by 5.02%, with the transportation and logistics sector contributing 5.16% to the nation's GDP. However, the COVID-19 pandemic in 2020 caused a significant contraction of -2.07%, and the sector's contribution dropped to 4.60% as mobility restrictions and global disruptions led to a decrease in demand for transportation services.

Despite the setbacks in 2020, the transportation and logistics sector proved its resilience. It continued to be vital for distributing essential goods and services, showcasing its adaptability during times of crisis. As restrictions eased and vaccination efforts were ramped up in 2021, economic recovery began, with the transportation sector's contribution rising to 5.70%. The economy grew by 3.69%, and the recovery in logistics demand and trade contributed significantly to this positive shift. By 2022, the economy surged to a growth rate of 5.31%, with the sector contributing 6.68%, driven by a marked increase in mobility, trade, and consumption. By 2023, Indonesia's economy stabilized at a growth rate of 5.04%, and the transportation sector continued to play a vital role, contributing 6.25% to GDP, despite facing global economic challenges such as rising inflation and supply chain disruptions.

The movements of the Composite Stock Price Index (IHSG) and the Transportation Index (IDXTRANS) provide a clear indication of the broader economic dynamics during this period. The IHSG experienced fluctuations, reflecting market responses to both global and domestic economic conditions. Similarly, IDXTRANS, which tracks the performance of the transportation sector, saw significant volatility, with a 67.8% increase in 2021 as the sector rebounded from the pandemic, followed by a slight decline in 2023 due to rising operational costs and external economic pressures. These stock performance trends illustrate the sector's sensitivity to macroeconomic changes and highlight the need for strategic management in navigating such challenges.

Amidst these economic dynamics, the quality of earnings has emerged as a critical factor for assessing the financial health of companies in the transportation sector. Earnings quality is an important indicator of how effectively a company manages its resources, maintains operational performance, and provides reliable financial information to investors. High-quality earnings signal strong management, indicating a company's ability to weather external challenges and deliver consistent financial results. Conversely, poor earnings quality may suggest financial manipulation or unreliable reporting practices, which can undermine investor confidence and expose companies to greater risks, particularly in times of market volatility and economic uncertainty.

Factors such as profitability, firm size, company age, audit quality, and the effectiveness of audit committees are essential in determining the quality of earnings.

Profitability is a critical factor, as companies with high-profit margins and strong financial performance tend to exhibit more stable earnings. Firm size is also important, as larger firms often have more robust internal controls, better access to capital, and greater operational efficiency. The age of a company reflects its ability to navigate market conditions based on accumulated experience and established reputation. Audit quality and the effectiveness of audit committees are also key, as they ensure that financial reporting is accurate and transparent, reducing the potential for earnings manipulation. Prior studies have explored these factors in various sectors, but limited research has focused on the transportation and logistics industry in Indonesia, particularly during a period of significant disruption and recovery (Ali & Khan, 2022; Brown & Davis, 2019; Ng & Tan, 2021).

This research aims to fill this gap by examining the influence of profitability, firm size, company age, audit quality, and audit committees on the earnings quality of transportation and logistics companies in Indonesia from 2019 to 2023. By focusing on this critical sector during a period of both challenges and recovery, the study offers unique insights into the determinants of earnings quality and their relevance for investors, policymakers, and corporate managers. This research contributes to the literature by providing a deeper understanding of how various factors impact earnings quality in Indonesia's transportation and logistics industry, which remains essential for the continued growth and sustainability of the sector.

2. Literature Review

Agency Theory

Agency theory explores the inherent conflicts of interest between principals (owners) and agents (managers) due to information asymmetry. Principals rely on managers to make decisions on their behalf, but the divergence in interests and information can lead to agency costs, particularly in financial reporting. Managers may be motivated to present financial statements in a way that benefits their personal interests, such as inflating earnings or delaying reporting to meet targets. The role of auditors, as neutral third parties, is vital in addressing these conflicts by ensuring the accuracy and reliability of financial statements. Timely and accurate reporting reduces the information asymmetry, fostering transparency and trust among stakeholders. Delayed or manipulated financial reporting can lead to speculation and diminish investor confidence, emphasizing the need for efficient and transparent financial processes (Brown & Davis, 2019). Therefore, the presence of rigorous auditing practices and transparency in reporting is central to mitigating the risks associated with agency conflicts.

Earnings Quality

Earnings quality is an essential concept in financial accounting, reflecting the reliability and accuracy of a company’s financial statements. High-quality earnings represent a company's true financial performance, reflecting sustainable and predictable profits that are not manipulated or influenced by one-off events. Two primary perspectives are used to define earnings quality:

1. **Earnings Perspective**: This perspective focuses on the sustainability and predictability of a company's profits over time. Earnings quality is seen as high when profits are derived from core operations and are consistent across periods.
2. **Return Perspective**: This perspective links earnings quality to market performance, which is assessed through shareholder returns. High earnings quality, in this context, is associated with positive and stable market reactions.

Earnings quality deteriorates when companies manipulate their financial statements or rely on short-term gains to mask poor operational performance. Such practices undermine stakeholder trust and can lead to severe financial and reputational consequences (Ali & Khan,

2022). Therefore, ensuring the integrity of earnings is a key concern for both investors and regulators.

Profitability

Profitability is a critical measure of a company's financial health and its ability to generate earnings from its operations, assets, or equity. Firms with stable and predictable profitability are less likely to engage in earnings manipulation because their earnings are derived from sustainable business activities rather than one-time gains. Studies have shown that high profitability is often associated with higher earnings quality, as companies with strong operational performance tend to report more reliable financial results (Chen & Huang, 2021). However, empirical findings on the relationship between profitability and earnings quality have been mixed. Some studies, such as those by Li & Wang (2020), report a positive relationship, while others find no significant impact, suggesting that the correlation may vary depending on the industry or market conditions.

Hypothesis 1*: Return on assets (ROA) positively influences earnings quality in the transportation and logistics sector.*

Firm Size

Firm size is a commonly used proxy for a company's ability to manage its resources effectively, and it has a significant impact on earnings quality. Larger firms typically have more robust internal controls, advanced reporting systems, and greater regulatory oversight, all of which can enhance financial transparency. Additionally, large companies often face more scrutiny from investors, regulators, and analysts, which can compel them to adhere to stricter accounting standards and maintain higher levels of earnings quality (Anderson & Kim, 2020). However, larger firms also tend to have more complex operations, which may introduce challenges in financial reporting. For example, multinational firms may struggle with consolidating financial information across different jurisdictions. Despite these challenges, research generally supports the view that larger firms tend to report higher earnings quality due to their capacity to manage these complexities effectively (Gonzalez & Martinez, 2023).

Hypothesis 2*: Firm size positively affects earnings quality in the transportation and logistics sector.*

Firm Age

The age of a firm is another factor that can influence its earnings quality. Older firms, with their established operational stability and experience, tend to demonstrate higher earnings quality. The longevity of a firm signals to stakeholders that the company has successfully navigated various market conditions and is likely to maintain consistent financial practices. In contrast, younger firms, which are still in the growth phase, may be more prone to manipulating earnings to meet investor expectations or achieve growth targets (Yamamoto & Sato, 2020). This potential for earnings management is often seen as a risk for younger companies, which may lack the internal controls and governance structures of older, more established firms. However, not all studies support this view, and some have found no significant correlation between firm age and earnings quality (Kyere & Ausloos, 2020).

Hypothesis 3*: Firm age positively impacts earnings quality in the transportation and logistics sector.*

Audit Quality

Audit quality plays a crucial role in ensuring the integrity of financial reporting and, by extension, earnings quality. High-quality audits are performed by competent auditors who rigorously examine financial statements, ensuring that they comply with established accounting standards. Such audits can detect irregularities, uncover earnings management

practices, and enhance the credibility of financial reports. However, audit quality may also have a negative relationship with reported earnings quality. In firms where aggressive accounting practices or earnings manipulation are prevalent, a high-quality audit may lead to downward adjustments in reported earnings, exposing previously hidden financial issues (Smith & Lee, 2019). This dynamic is important because while a high-quality audit can uncover discrepancies, it may also signal to investors that earnings quality is lower than originally reported.

***Hypothesis 4**: Audit quality negatively affects earnings quality in the transportation and logistics sector.*

Audit Committee

An audit committee plays a critical role in enhancing corporate governance, particularly in overseeing the financial reporting process, internal controls, and auditor independence. A well-functioning audit committee is instrumental in ensuring that financial statements are accurate and that potential earnings manipulations are detected early. This governance mechanism acts as a safeguard against the pressures of financial reporting, which might otherwise lead to the misrepresentation of earnings (Garcia & Lopez, 2021). However, the effectiveness of audit committees can vary significantly across companies and industries. Some research suggests that audit committees may not always have the desired impact on earnings quality, particularly in environments with weak enforcement mechanisms or poor corporate governance practices (Chen & Zhang, 2021). Nevertheless, the presence of an effective audit committee generally improves earnings quality by ensuring that financial statements accurately reflect the company's financial position.

***Hypothesis 5**: The presence of an audit committee positively influences earnings quality in the transportation and logistics sector.*

3. Methodology

Population and Sample

The population of this study consists of companies in the transportation and logistics sector, totaling 37 issuers. The sampling technique used is **purposive sampling**, with the following sample selection criteria:

Table 1. Sample Selection Criteria

No.	Sample Selection Criteria	Number of Companies
1	Transportation and logistics companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023.	37
2	Transportation and logistics companies that conducted their IPO after January 1, 2020.	(12)
3	Transportation and logistics companies that were delisted or suspended during the 2019–2023 period.	(3)
	Total Sample	**22**

Source: Indonesia Stock Exchange, 2024

Operational Definitions of Variables

Table 2. Operationalization of Research Variables

Variable	Measurement Indicator	Scale
Return on Assets (ROA) (X1)	ROA = (Earning After Tax / Total Assets) × 100 Source: Kasmir (2017)	Ratio

Firm Size (X2)	Firm Size = Ln(Total Assets) Source: Nurminda et al. (2017)	Ratio
Firm Age (X3)	Firm Age = Research Year – Year of Establishment Source: Hasanah & Erawati (2022)	Ratio
Audit Quality (X4)	Audit quality assigned as: - Big Four firms (Deloitte, EY, KPMG, PwC) = 3 - Big Ten firms (e.g., RSM, BDO, Crowe, PKF, Nexia, Moore Stephens) = 2 - Non-Big Ten firms = 1 Source: Canovala et al. (2023)	Nominal
Audit Committee (X5)	Audit Committee = Number of Audit Committee Members Source: Canovala et al. (2023)	Ratio
Earnings Quality (Y)	Earnings Quality = Operating Cash Flow / Net Income Source: Gunawan (2022)	Ratio

Data Analysis Techniques

Descriptive Analysis

This analysis is conducted to provide an overview and general description of the collected data. Descriptive statistics include minimum, maximum, mean (average), and standard deviation values (Ghozali, 2018).

Path Analysis

Path analysis is a statistical technique used to estimate the causal relationships between variables, as predefined based on theory. It is essentially an extension of regression analysis used to examine more complex causal models (Ghozali, 2018).

Hypothesis Testing (t-Test)

According to Ghozali (2018), the t-test (partial test) is used to determine the influence of each independent variable on the dependent variable. Decision-making is guided by the p-value (Sig t). If **Sig t < 0.05**, the alternative hypothesis (H1) is accepted and the null hypothesis (H0) is rejected, indicating a significant influence. Conversely, if **Sig t > 0.05**, H0 is accepted and H1 is rejected, indicating no significant influence of the independent variable on the dependent variable.

4. Results

Descriptive Analysis

Descriptive statistics and the frequency distribution for the research model are presented in the table below.

Table 3. Descriptive Statistics

Variable	Mean	Minimum	Maximum	Standard Deviation
Profitability	-0.305	-101.265	59.93	18.770
Firm Size	13.679	11.088	18.457	2.025
Firm Age	29.5	5	73	14.643

Audit Quality	1.827	1	3	0.830
Audit Committee	3.173	3	6	0.502
Earnings Quality	-3.695	-331.76	37.778	34.796

Source: Excel, 2024

Profitability (ROA)

The minimum ROA was -101.2647, recorded by PT Mitra Investindo Tbk. (MITI), and the maximum ROA was 59.9305, achieved by PT Garuda Indonesia (Persero) Tbk. (GIAA). The average ROA of transportation and logistics companies from 2019 to 2023 was -0.3051, with a standard deviation of 18.770. The negative mean indicates that most companies in the sample experienced low profitability or even losses. The relatively high standard deviation signifies considerable variation in profitability performance among the companies.

Firm Size (FS)

The smallest firm size during the observation period was 11.0883, recorded by PT Citra Maharlika Nusantara Corpora Tbk. (TRUK) in 2023. The largest was 18.4571, recorded by PT Garuda Indonesia (Persero) Tbk. (GIAA), also in 2023. The average firm size over five years was 13.6785, with a standard deviation of 2.025. These findings highlight significant differences in firm scale between small and large asset companies. PT Garuda Indonesia consistently had the highest firm size, reflecting its large-scale operations, while TRUK's relatively low firm size illustrates the variation in total assets across issuers.

Firm Age (FA)

The youngest firm in the sample was 5 years old, PT Bumi Putra Rockwool Tbk. (BPTR) in 2019, and the oldest was 73 years old, PT Garuda Indonesia (Persero) Tbk. (GIAA) in 2023. The average firm age was 29.5 years, with a standard deviation of 14.643. This again reflects significant variation in company maturity, from relatively new market entrants to well-established players.

Audit Quality (AQ)

The lowest audit quality score (1.0000) was associated with companies using non-Big Ten audit firms, including PT Citra Maharlika Nusantara Corpora Tbk. (TRUK), PT Steady Safe Tbk. (SAFE), and others. The highest score (3.0000) was given to companies audited by Big Four firms, such as PT Adi Sarana Armada Tbk. (ASSA), PT Garuda Indonesia (GIAA), PT Indomobil Multi Jasa Tbk. (IMJS), and PT Temas Tbk. (TMAS). The average audit quality was 1.8273, with a standard deviation of 0.830. Companies like ASSA, GIAA, and IMJS consistently recorded the highest audit quality, while others, including DEAL, HELI, and TRUK, remained at the lower end. This reflects varying preferences in auditor selection, likely influenced by company size, audit costs, or compliance needs.

Audit Committee (AC)

The minimum number of audit committee members was 3, the regulatory minimum in Indonesia. The maximum was 6, recorded by GIAA in 2019 and 2020. The average number was 3.1727, with a standard deviation of 0.502. GIAA stood out for having consistently more than the minimum number of members, while most companies maintained the baseline requirement, showing a general trend toward minimal compliance with some outliers emphasizing greater oversight.

Earnings Quality (EQ)

The minimum value for earnings quality was -331.7596 (PT Indomobil Multi Jasa Tbk. in 2020), and the maximum was 37.7782 (PT Steady Safe Tbk. in 2021). The mean was -3.6954,

with a standard deviation of 34.796. The negative average indicates that most companies had low earnings quality during the study period, while the large standard deviation suggests substantial variation in earnings quality among firms.

Multicollinearity Test

Table 4. Multicollinearity Test Results

No.	Variable	VIF	Conclusion
1	Return on Assets	1.066	No multicollinearity
2	Firm Size	3.480	No multicollinearity
3	Firm Age	1.387	No multicollinearity
4	Audit Quality	3.353	No multicollinearity
5	Audit Committee	1.399	No multicollinearity

Source: SmartPLS, 2024

The results indicate that none of the research variables suffer from multicollinearity, as all VIF values are below the critical threshold of 10.

Model Feasibility Test

Table 5. Model Feasibility Test (R Square)

No.	Variable	R Square Adjusted
1	Earnings Quality	0.019

Source: SmartPLS, 2024

The adjusted R-Square value shows that Return on Assets, Firm Size, Firm Age, Audit Quality, and Audit Committee together explain only 1.9% of the variation in Earnings Quality. The remaining 98.1% is explained by other variables not included in this study.

Path Analysis

Table 6. *Path Coefficients*

Variabel	*Original Sample* (O)	*T statistics* (|O/STDEV|)	*P values*	Conclusion
ROA -> KL	0,04	1,367	0,172	Not Significant
UP -> KL	-0,229	1,971	0,049	Significant
UM -> KL	0,144	2	0,046	Significant
KUA -> KL	0,017	0,201	0,840	Not Significant
KOA -> KL	0,058	0,549	0,583	Not Significant

Source: SmartPLS, 2024

The path analysis results show that only two variables have a statistically significant effect on KL: firm size (UP) with a coefficient of **-0.229**, T-statistic of **1.971**, and p-value of **0.049**; and firm age (UM) with a coefficient of **0.144**, T-statistic of **2.000**, and p-value of **0.046**. This means that larger firms tend to negatively affect KL, while older firms have a positive influence. Meanwhile, ROA (0.04; T = 1.367; p = 0.172), KUA (0.017; T = 0.201; p = 0.840), and KOA (0.058; T = 0.549; p = 0.583) are not statistically significant, indicating no meaningful direct impact on KL within this model.

5. Discussion

The results of this study reveal several key insights about the factors influencing earnings quality within companies, drawing from various empirical studies, including those by Ali & Khan (2022) and Anderson & Kim (2020).

Profitability and Earnings Quality: The study found that profitability, measured by ROA (Return on Assets), does not have a significant impact on earnings quality. While ROA is a key indicator of a company's ability to generate profit from its assets, its relationship with earnings quality is not straightforward. This suggests that high ROA does not necessarily equate to higher earnings quality. This could be due to various factors such as earnings management, where companies might manipulate financial statements to enhance their profitability, or the use of non-recurring income which temporarily boosts ROA without contributing to sustainable earnings. Furthermore, external factors like market volatility and accounting policies might obscure the true economic performance of the company, as noted in studies by Ali & Khan (2022) and Omar & Rahman (2021).

Firm Size and Earnings Quality: The results also show a negative impact of firm size on earnings quality. Larger companies tend to have more complex operations and greater opportunities for earnings management. According to Anderson & Kim (2020), these companies might use accounting policies to manipulate financial reports, which could lower the quality of their reported earnings. Moreover, large firms often face higher market pressures and have more resources to manage their financial outcomes, which may further contribute to reduced earnings quality. The findings highlight that the increased complexity and informational asymmetry in larger firms can lead to a decline in the transparency of their financial reports, despite having the resources for effective reporting. This negative relationship between firm size and earnings quality is further supported by research from Lee & Park (2020) and Li & Wang (2020).

Firm Age and Earnings Quality: In contrast, the study found a positive relationship between firm age and earnings quality. Older companies, with more years of experience, tend to have better internal controls and more robust corporate governance systems. This experience enables them to manage their earnings more accurately, leading to higher-quality financial reports. Additionally, older firms usually have established reputations, which incentivize them to maintain transparent and accurate financial statements to retain stakeholder trust, as observed by Kumar & Singh (2022) and Gonzalez & Martinez (2023). The study suggests that as companies mature, their operations become more efficient, contributing to more stable and reliable earnings, ultimately improving the quality of their financial reporting.

Audit Quality and Earnings Quality: Surprisingly, audit quality was found to have no significant effect on earnings quality. While it is generally believed that high-quality audits improve the transparency and accuracy of financial reports, the study indicates that even with reputable auditors, companies may still engage in earnings management. This finding aligns with the results from Brown & Davis (2019) and Ng & Tan (2021), who suggest that the focus of audits may be on compliance with accounting standards, rather than on the actual substance of earnings quality. The limitations of audits in detecting subtle manipulations highlight the importance of management's commitment to honest reporting in determining earnings quality. Information asymmetry between auditors and management can reduce the effectiveness of audits in identifying potential earnings manipulation, as emphasized by Smith & Lee (2019).

Audit Committee and Earnings Quality: Lastly, the study revealed that the presence of an audit committee does not significantly influence earnings quality. While audit committees are expected to improve financial transparency and corporate governance, their effectiveness is often limited by factors such as the lack of independence or competence among committee members, insufficient meeting frequency, and a narrow focus on procedural compliance rather

than the substance of financial reporting. This finding is consistent with research by Chen & Huang (2021) and Garcia & Lopez (2021), which highlights that an audit committee's impact on earnings quality is not solely dependent on its existence but also on its functioning and independence. Moreover, the dominance of management in decision-making processes can undermine the audit committee's ability to influence the quality of earnings (Nguyen & Tran 2022).

Implications: The results of this study have significant implications for various stakeholders. For investors, it highlights the importance of not relying solely on financial ratios like ROA or firm size when assessing a company's earnings quality. Investors should also consider factors such as firm age, internal controls, and the potential for earnings management. As pointed out by Jahan (2020) and Li & Wang (2020), the analysis of financial reports should extend beyond surface-level metrics to better assess underlying earnings quality. For companies, the findings suggest that enhancing corporate governance, improving operational efficiency, and strengthening internal controls can improve the quality of reported earnings. The study also calls for regulators to revisit policies surrounding audit committees and audit quality, ensuring their roles are more focused on improving financial transparency and detecting earnings manipulation, as suggested by Zhang & Liu (2023). Overall, the study provides valuable insights into the complex factors influencing earnings quality, which can guide future research, policy development, and practical decision-making for companies and investors alike.

6. Conclusion

Based on the results of the study, it can be concluded that: (1) Return on Assets (ROA) has no significant effect on Earnings Quality, meaning that a higher ROA does not impact the quality of earnings; (2) Firm Size (FS) has a negative impact on Earnings Quality, meaning that as Firm Size increases, the quality of earnings decreases; (3) Firm Age (FA) has a positive impact on Earnings Quality, meaning that as Firm Age increases, the quality of earnings improves; (4) Audit Quality (AQ) has no significant effect on Earnings Quality, meaning that a higher Audit Quality does not influence the quality of earnings; (5) Audit Committee (AC) has no significant effect on Earnings Quality, meaning that a larger Audit Committee does not affect the quality of earnings.

Based on the conclusions outlined above, the researcher offers the following recommendations, which are expected to be useful for: (1) Academics, as it is hoped that the results of this study will provide information and contributions to the development of knowledge, especially regarding the financial factors influencing Earnings Quality in companies; (2) Future Research, where it is expected that this study can provide additional references and literature for researchers who will further investigate similar studies in the future; (3) Investors and prospective investors, as it is hoped that the findings of this study will serve as a consideration before making investment decisions, especially in the transportation and logistics sectors, to ensure careful investment choices; (4) Companies, as it is hoped that the results of this study will provide input for company management to improve financial performance, which has a positive impact on Earnings Quality; (5) Regulators, as it is hoped that this study will provide input and considerations for designing policies and regulations related to the audit committee and audit quality regulations, taking into account factors that can enhance the effectiveness of oversight and financial report transparency.

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