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Research Article

The Influence of Audit Quality and Earnings Management on Auditor Opinion with Firm Performance as Mediation in Mining Company in Indonesia

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ABSTRACT

This study to determine the influence of audit quality and profit management on auditors' opinions with company performance as a mediating variable in mining companies in Indonesia. Data analysis method with partial least square (PLS) with the population of mining companies listed on the Indonesian Stock Exchange in 2020-2024 with a sample of 35 companies and 175 observations. The data source is secondary data from the Annual Report of the Indonesian Stock Exchange. The results of the study show that audit quality and earnings management have a significant effect on auditors' opinions and successful performance as a mediation variable. This research contributes to strengthening the theory in improving audit quality by applying professional standards of public accountants and by lowering profit management carried out by managers can improve audit quality for the better. Better company performance can strengthen the improvement of audit quality for the better.

Keywords: Audit Quality, Earnings Management, Auditor Opinion, Firm Performance

INTRODUCTION

The opinion of auditors in Indonesia will be greatly influenced by the good quality of audits conducted by auditors of financial statements, both conducted by auditors from the big four and not the big four. The audit itself is guided by auditing standards or what we often call the professional public accountant standards (SPAP). In addition, earnings management is also suspected to affect the opinion of the auditor which is an engineering carried out by the manager to make it appear that profits look better by raising, decreasing, or flattening profits in the accounting period. An auditor's opinion is an opinion given by an external auditor regarding the fairness of the presentation of the client's financial statements whether they have been presented by following generally accepted accounting standards or international financial reporting standards (IFRS).

The phenomenon that occurs with the non-application of professional standards of public accountants and not complying with public accounting firms carried out by KAP "Y" influences the opinion given by the KAP. Based on the OJK's assessment, the KAP has been sanctioned to have its business frozen for one year during 2025.

Several studies conducted have shown a no significant influence of audit quality on auditor opinion, namely research conducted by Tasyanari et al, (2023). A study was conducted by Dekeng dan Dicky (2024) which showed an insignificant influence of audit quality on auditor opinion. As well as earnings management which also shows an insignificant influence on the opinion of auditors. Research by Krismiadji and Sumayyah (2023) shows an insignificant effect of earnings management on auditor opinion. Her performance as a mediation variable strengthens the influence of audit quality and earnings management on the auditor's opinion because performance shows the results of the work achieved by the Company the better the performance, it is hoped that the auditor's opinion will also be better, Based on the background description and the existence of a research gap between significant and insignificant, the title is taken "The Influence of Audit Quality and Profit Management on Auditor Opinion with Performance as Mediation in Mining Companies in Indonesia".

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OBJECTIVES

The Agency Authority states that the principal authorizes the agent to manage the Company's assets with good governance and there must be a separation of functions between the principal and the agent. Therefore, the principal assets must be reported as best as possible by the agent with an audit of the financial statements by a public accounting firm every year to declare the fairness of the financial statements in accordance with generally applicable accounting principles. Public accounting firms must implement quality audits (Rusmin, 2010) in accordance with applicable audit standards (SPAP). The manager will do the best possible profit management to report the results of his business (Zogning, 2017).

Auditor Opinion

An auditor's opinion is an opinion given by an external auditor in examining the client's financial statements whether they have been presented reasonably or not by following generally applicable accounting standards or international financial reporting standards (IFRS). 5 opinions that can be given by an external auditor, namely: 1) Unqualified opinion, 2) Reasonable opinion without exception with additional explanatory language, 3) Qualified opinion, 4) Adverse opinion, and 5) Disclaimer opinion (Agoes, 2004; Arens et al, 2010).

Audit Quality

The quality of an audit if the audit is guided by auditing standards or professional public accountant standards (SPAP). 10 items of auditing standards that are divided into 3 major standards, namely: 1) general standards which are divided into 3 standard items, namely a) Audits must be independently carried out by an auditor, b) Auditors must have adequate technical expertise and training, c) auditors must use professional skills carefully and carefully 2) Fieldwork standards which contain, among others: a) There must be planning in conducting audits b) there must be an assessment and understanding of the internal control system c) There must be a collection of audit evidence that is competent enough 3) reporting standards that contain, among other things, financial statements must be prepared by following with generally accepted accounting principles, accounting principles must be applied consistently, and full of disclosure, audit reports must contain an opinion (Agoes,2004; Ching et al, 2015; Inaam & Khamoussi, 2016; Almairat et al, 2018; Waweru, 2028; Phan et al, 2020; Wijaya, 2020; Afifa et al, 2020; Indrayati et al, 2023).

Earning Management

Profit management is an engineering carried out by managers to show profits to be better, such as increasing profits, lowering profits, or flattening profits by choosing the right accounting method. Profit management can be driven by discretionary accrual. Profit management is proxied with discretionary accrual. Discretionary accruals are calculated by subtracting the total value of accruals (TA) from the value of non-discretionary accruals (NDAs).

Calculation of Total Accrual:

The Healy 1985 model, the use of the accrual discretionary model was pioneered by Healy 1985. Healy uses total accrual as a discretionary accrual proxy

$$TA_{it} = \frac{\Delta Ca_{it} - \Delta CI_{it} - \Delta Cash_{it} - \Delta STD_{it} - Dep_{it}}{A_{it-1}}$$

In this case:
TA it=Total accrual of the company I year t
Д Ca it=Change in the company's current assets I year to year t
Д CI it=Change in the company's current debt I year to year t
Д Cash it=Change in the company's cash and cash equivalents I year to year t
Д STD it=Changes in long-term debt that include current debt
Dep it=Depreciation and amortization costs of the company I in the year to
i=1.....n Company

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t=1.....n year estimate

The 1986 De Angelo Model predicts non-discretionary accruals by using the ratio of the total accrual of the period before the observation period (TA t-1) compared to the difference in total assets (A t-2). De Angelo's model for non-discretionary accrual is:

$$NDA\ t = \frac{TA\ t\text{-}1}{A\ t\text{-}1}$$

In this case:
NDA t=The normal or fair accrual rate of the company in year t
TAt-1=Total accrual of the company in year t-1
At-1=Total company assets for the year t-2
The discretionary accrual portion is shown by the difference between the total accrual in year t divided by A t-1 and the NDA. DACC it = TA it - NDA it

Research on earnings management has been widely conducted by several researchers (Li, 2014; Machdar et al, 2017; Du & Shen, 2018; Mahrani & Suwarno, 2018; Abbas & Ayub, 2019; Lee, 2019; Alsufi et al, 2020; Chen et al, 2011, 2020; Azzam et al, 2021; Indrayati, 2024).

Company Performance

The Company's performance is the result of the work achieved by the Company during the Company's operations, for example by achieving high profits, and an increase in the Company's assets and capital which can be propelled by Return on Equity (ROE). Research on audit quality and earnings management can improve the Company's (Sayyar et al, 2015; Elewa & Haddad, 2019; Saleh et al, 2020; Ugwu et al, 2020; Qirem et al, 2020; Almasarwah et al, 2021; Afifa et al, 2021; Indrayati et al, 2023).

The conceptual framework model is as follows:

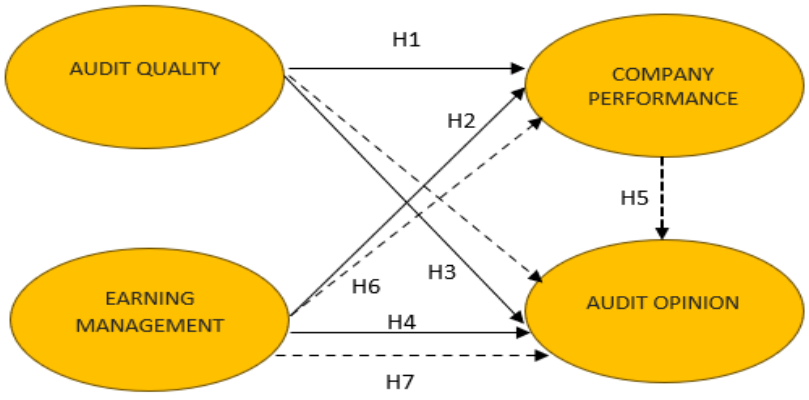

Fig 1. Conceptual Framework Model

Company Performance = a + b1 audit quality + b2 Profit management + e
Auditor's opinion = a + b1 audit quality + b2 profit management + b3 Company performance + e

Based on the literature review and previous research, the research hypothesis is:
H1: Audit quality has a significant effect on the Company's performance
H2: Profit management has a significant effect on the Company's performance
H3: Audit quality affects auditors' opinions
H4: Profit management affects the auditor's opinion

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H5: The company's performance affects the auditor's opinion
H6: The audit quality affects the opinion of the auditor through the Company's performance
H7: Profit management affects the opinion of the auditor through the Company's performance

METHODS

This type of research is quantitative applied research that implements and explains the influence of audit quality and profit management on auditor opinion and company performance as a mediating variable in mining companies in Indonesia in 2020-2024 on the Indonesia stock exchange. Population and research sample This study uses the population of mining companies listed on the IDX in 2020-2024 as many as 35 mining companies, with a total of 175 mining observations taken by purposive sampling. Data sources and data collection techniques This research uses secondary data and is collected in documentation from the company's audited financial statements on the Indonesia stock exchange from 2020-2024. Data processing and data analysis methods. Data processing and data analysis methods used in this study are partial lease square (PLS), with minimum maximum tests, hypothesis tests, mediation tests, correlation tests, and R square tests.

Variable operational definitions and measurements
Dependent Variable: auditor's opinion
An Auditor's opinion is an opinion given by an- external auditor on the fairness of financial statements as measured by a dummy variable with 1 fair opinion without exception and 0 in addition to a fair opinion without exception.

Independent variable:
Audit quality
Audit quality is the quality of audits conducted by auditors by applying professional standards of public accounting in audits conducted by both the big-four and non-big-four auditors.
Profit management

Profit management is the management of profits by agents by increasing profits, lowering profits, withholding profits, or flattening profits for the purpose of provide bonuses, taxation, political costs, debt contract repayment, IPO, change of leadership, and communication of information with investors. Profit management is measured by discretional accrual obtained by formula.

TACC it=NIit−CFO it (Calculation of total accrual with cash flow approach)

Mediating Variables

Company performance, Company performance is the result achieved by company managers in operating company funds to obtain optimal returns as measured by return on equity (ROE), namely the equity turnover rate

$$ROE = \frac{\text{net profit}}{\text{Total equity}}$$

RESULTS

Description analysis Research Data

In general, the respondent's description of the distribution of data values in each research variable can be described based on the following summary.

Table 1: Distribution Frequency Identity Respondents

Variable	Minimum	Maximum	Average	Std. Deviation
Audit quality (X1)	0	1	0,716	0,454

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Earning Management(X2)	-1,9	2,99	0,367	0,93
Company Performance (Y1)	-0,25	1,57	0,329	0,396
Auditor Opinion (Y2)	0	1	0,493	0,504

Based on table 1 above, the description of respondents can be known based on the size of data concentration. This study measures four main variables, namely Audit Quality (X1), Earnings Management (X2), Company Performance (Y1), and Auditor Opinion (Y2). Each of these variables is proxied by one key indicator: the Standard Professional Public Accountant (SPAP) for X1, Discretionary Accrual for X2, Return on Equity (ROE) for Y1, and Unqualified Opinion for Y2. The following is a detailed explanation of each variable.

Audit Quality (X1) has a minimum value of 0 and a maximum of 1, with an average of 0.716 and a standard deviation of 0.454. Measurements using a scale of 0 to 1 indicate that audit quality is assessed based on a certain standard, namely the Professional Standard for Public Accountants (SPAP). An average of 0.716 indicates that most of the sample has met the professional standards of public accountants well. However, the existence of a large standard deviation (0.454) shows that there is a variation in the implementation of audit quality in various companies. This means that some companies may not have fully implemented SPAP optimally.

In the Profit Management variable (X2), the minimum value is -1.9 and the maximum is 2.99, with an average of 0.367 and a standard deviation of 0.93. This variable is proxied by Discretionary Accrual, which is the difference between reported profits and profits that should be recorded based on actual economic conditions. A positive average value of 0.367 indicates an indication that most companies are performing profit management leading to an increase in reported profits. However, a high standard deviation (0.93) indicates that profit management practices vary widely among companies, with some even showing negative values (reduced profits).

Company Performance (Y1) is proxied by Return on Equity (ROE), has a minimum value of -0.25 and a maximum of 1.57, with an average of 0.329 and a standard deviation of 0.396. A positive average value indicates that in general, the company studied performs well by generating positive profits for shareholders. However, the presence of a negative minimum value indicates that some companies are experiencing losses or poor performance. A relatively moderate standard deviation (0.396) indicates that there is considerable variation in performance among these companies.

The Auditor's Opinion (Y2) is measured based on whether the company obtains an Unqualified Opinion or not, with a scale of 0 (not obtaining an unqualified opinion) and 1 (obtaining an unqualified opinion). The minimum value is 0, the maximum is 1, with an average of 0.493 and a standard deviation of 0.504. An average close to 0.5 indicates that almost half of the companies surveyed obtained a fair opinion without exception. However, the existence of a relatively high standard deviation indicates that the opinions given by auditors vary significantly among companies.

From of all variables, it can be seen that the earnings Management variable (X2) shows the largest variation with a standard deviation of 0.93. This means that profit management practices vary widely, depending on how a company manages its financial reporting.

Measurement Model (Outer model / Construct Reliability Validity)

Evaluation of the validity of the measurement model can be done by looking at the results of estimating the load of the factors. A variable is said to have good validity to its construct or latent variable if the t-value of the factor charge is greater than the critical value (≥ 1.96) and/or the standard factor charge is ≥ 0.50. Meanwhile, the evaluation of the reliability of the measurement model in PLS can use Construct Reliability (CR ≥ 0.70) and Average Variance Extracted (AVE) ≥ 0.50. A recapitulation of the results of the validity and reliability evaluation can be seen in the following table:

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Tabel 2: Summary Validity & Reliability Construct (Outer Model)

Latent Variable	Consequent Variable	Partial Validity (Per Indicator) (LF > 0,5=Valid)		Over All Validity (Per construct) (AVE > 0,5=Valid)		Composite Reliability (CR > 0,7)	
		Outer Loading	Inf.	AVE	conclusion	CR	Information
Audit Quality (X_1)	X1.1	1,000	Valid	1,000	Valid	1,000	Reliable
Earning Management (X_2)	X2.1	1,000	Valid	1,000	Valid	1,000	Reliable
Company Performance(Y_1)	Y1.1	1,000	Valid	1,000	Valid	1,000	Reliable
Auditor Opinion (Y_2)	Y2.1	1,000	Valid	1,000	Valid	1,000	Reliable

Based on table 2 above, it can be seen that in the reflective indicator, the entire Loading factor value is ≥ 0.50 (Valid), and the AVE value is ≥ 0.50 (Valid) so that all indicators that measure it are declared valid, while the results of the reliability calculation show that the Composite Reliability (CR) value is ≥ 0.70 (Reliable). Thus, it can be concluded that all of these latent variables have fairly good and decent indicators. In detail, in order to find out the most dominant indicators in contributing to latent constructs, it is explained as follows.

1.The appropriate representative indicator in this study on the audit quality variable (X1) is proxied by the X1.1 indicator (Standard Professional Public Accountant / SPAP) with the highest loading factor of 1,000 (100%). Therefore, if management wants to increase the value of the audit quality variable (X1), the statistical recommendation that needs to be prioritized is to improve the value on the X1.1 indicator (Professional Standard for Public Accountants /SPAP).

2. The corresponding representative indicator in this study on the profit management variable (X2) is proxied by the X2.1 (Discretionary accrual) indicator with the highest loading factor of 1,000 (100%). Thus, if the management wants to increase the value of the profit management variable (X2), the statistical recommendation that needs to be prioritized is to improve the value in the X2.1 (Discretionary accrual) indicator.
3.The appropriate representative indicator in this study on the company performance variable (Y1) is proxied by the Y1.1 indicator (ROE) with the highest loading factor of 1,000 (100%). Thus, if the management wants to increase the value of the company performance variable (Y1), the statistical recommendation that needs to be prioritized is to improve the value of the Y1.1 indicator (ROE).

4. The appropriate representative indicator in this study on the auditor's opinion variable (Y2) is proxied by the Y2.1 indicator (Unqualified opinion) with the highest loading factor of 1,000 (100%). Thus, if the management wants to increase the value of the auditor's opinion variable (Y2), the statistical recommendation that needs to be prioritized is to improve the value in the Y2.1 indicator (Unqualified opinion).

In addition to evaluating the Convergent Validity indicator, it is also necessary to test with Discriminant validity, where the measurement model is assessed based on cross loading measurements with constructs. If the correlation of the construct with the subject of measurement of each indicator is greater than that of the other, then the latent construct is able to predict the indicator better than the other construct.

Table 3: Test Cross Loading *(Discriminant Validity)*

	AQ(X1)	EM(X2)	Perf. Y1)	AO (Y2)
SPAP (X1.1)	1,000	0,465	0,550	0,620

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Discretionary accrual (X2.1)	0,465	1,000	0,630	0,596
ROE (Y1.1)	0,550	0,630	1,000	0,685
Unqualified opinion (Y2.1)	0,620	0,596	0,685	1,000

Based on table 3 above, the results of the Cross Loading (Discriminant Validity) test are known. The details of the results of the analysis cross loading above are as follows.

1. It is known that the Professional Standard Public Accountant / SPAP indicator (X1.1) has a higher Loading factor value in measuring the audit quality variable (X1) than the Cross Loading value with other variables, this shows that the proxy indicator in the audit quality variable (X1) is declared valid and free of ambiguity problems.

2. It is known that the Discretionary accrual indicator (X2.1) has a higher Loading factor value in measuring the profit management variable (X2) than the Cross Loading value with other variables, this shows that the proxy indicator in the profit management variable (X2) is declared valid and free of ambiguity problems.

3. It is known that the ROE indicator (Y1.1) has a higher Loading factor value in measuring the company performance variable (Y1) than the Cross Loading value with other variables, this shows that the proxy indicator in the company performance variable (Y1) is declared valid and free of ambiguity problems.

4. It is known that the Unqualified opinion indicator (Y2.1) has a higher Loading factor value in measuring the auditor's opinion variable (Y2) than the Cross Loading value with other variables, this shows that the proxy indicator in the auditor's opinion variable (Y2) is declared valid and free of ambiguity problems.

Table 4: Result Evaluation PLS *R-Square*

Influence			R Square	1-R-Square
Audit quality (X1)	-->	Performance (Y1)	0,481	0,519
E.M. (X2)	-->			
Audit quality (X1)	-->	Auditor Op. (Y2)	0,580	0,420
Earning M.(X2)	-->			
Company Performance (Y1)	-->			

Evaluation of Structural Models (Inner Model)

In PLS, the R-Square value indicates the amount of variance of the construct that the model can explain. The higher the R-Square value, the greater the percentage of variance that the model can explain.

The determination coefficient (R-square) obtained from the audit quality (X1), profit management (X2) to company performance (Y1) model is 0.481, so it can be explained that the accuracy of the measurement of audit quality (X1), profit management (X2) to Performance (Y1) is 48.1% and the remaining 51.9% is influenced by other variables outside the study.

The determination coefficient (R-square) obtained from the audit quality (X1), profit management (X2), Performance (Y1) models against the auditor's opinion (Y2) is 0.58, so it can be explained that the accuracy of the measurement of audit quality (X1), profit management (X2), company performance (Y1) against the auditor's opinion (Y2) is 58% and the remaining 42% is influenced by other variables outside the study.

The Goodness of Fit test model is carried out using the total determination coefficient, where the test results can explain how large the formed path model is able to represent the observed data. The value of the total determination coefficient ranges from 0.0 to 100.0%, where the higher the value of the total determination coefficient, the higher

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the path model is able to represent the observed data. The results of the calculation of the total determination coefficient are as follows.

Coefficient Determination Total=1-(1-〖R_1^2) × (1-〖R_2〗 ^2)
Coefficient Determination Total=1-(1-0.481) × (1-0.580)
= 0.782

The total coefficient of determination obtained from the path model is 0.782 which means that 78.2% of the data can be explained by the path model formed and the remaining 21.8% is explained by other factors outside the study. In detail, the results of the standard measurement of the inner model testing criteria based on the total determination coefficient are as follows.

Table 5: Strength Levels of Structural Models (Global Optimization)

No	Standard Criteria R-Square		R-Square Total	Conclusion
	Interval	Category		
1	0,250 - 0,499	Weekness	0,782	Strong
2	0,500 - 0,749	Moderat		
3	0,750 - 1,000	Strong		

The table above is a global optimization information that tests how strong the theory confirms based on the constructed model. It is known that the total determination coefficient is 0.782, where the value is in the range of 0.750 - 1.000. Based on the standard R-Square test criteria, the constructed model is classified as Robust for theory confirmation.

Hypothesis Testing (Path Analysis)

This section deals with the assessment of coefficients that show causal relationships or influences between latent variables. The existence of a causal relationship is considered insignificant if the t statistics are between the range

of -1.96 to 1.96 at a significance level of 0.05.

With the help of the PLS program application, the results of the estimation of the critical ratio value of the structural model were obtained. In summary, the results of the hypothesis test calculation are presented in the following table:

Table 6: Result Analysis Path SEM-PLS

Influence among latent variable			Coefficient path	t-value	p-value	Conclusion
Cause variable	-->	Consequent Var.				
Audit Quality (X1)	-->	Company Performance (Y1)	0,327	4,173	0,000	Significant
Earning Management (X2)	-->	Company Performance (Y1)	0,478	4,169	0,000	Significant
Audit Quality (X1)	-->	Auditor Opinion (Y2)	0,313	2,971	0,003	Significant
Earning Management (X2)	-->	Auditor Opinion (Y2)	0,212	2,092	0,037	Significant
Company Performance (Y1)	-->	Auditor Opinion (Y2)	0,379	3,961	0,000	Significant

It is known that the audit quality variable (X1) has a positive influence on company performance (Y1), meaning that the higher the audit quality (X1), the result will increase the company performance variable (Y1), where the Path coefficient obtained is 0.327 with a t-value of 4.173. Because the t-value is greater than the critical value (4.173 >

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1.96), the statistical hypothesis states that H0 is rejected, meaning that the audit quality variable (X1) has a significant influence on the company performance variable (Y1).

It is known that the earnings management variable (X2) has a positive influence on company performance (Y1), meaning that the higher the profit management (X2), the result will increase the company performance variable (Y1), where the Path coefficient obtained is 0.478 with a t-value of 4.169. Because the t-value is greater than the critical value (4.169 > 1.96), the statistical hypothesis states that H0 is rejected, meaning that the profit management variable (X2) has a significant influence on the company performance variable (Y1).

It is known that the audit quality variable (X1) has a positive influence on the auditor's opinion (Y2), meaning that the higher the audit quality (X1), the result will increase the auditor's opinion variable (Y2), where the path coefficient obtained is 0.313 with a t-value of 2.971. Because the t-value is greater than the critical value (2.971 > 1.96), the statistical hypothesis states that H0 is rejected, meaning that the audit quality variable (X1) has a significant influence on the auditor's opinion variable (Y2).

It is known that the profit management variable (X2) has a positive influence on the auditor's opinion (Y2), meaning that the higher the Profit management (X2), the result will increase the auditor's opinion variable (Y2), where the Path coefficient obtained is 0.212 with a t-value of 2.092. Since the t-value is greater than the critical value (2.092 > 1.96), the statistical hypothesis states that H0 is rejected, meaning that the profit management variable (X2) has a significant influence on the variable opinion auditor (Y2).

It is known that the company performance variable (Y1) has a positive influence on the auditor's opinion (Y2), meaning that the higher the company performance (Y1), the result will increase the auditor's opinion variable (Y2), where the path coefficient obtained is 0.379 with a t-value of 3.961. Because the t-value is greater than the critical value (3.961 > 1.96), the statistical hypothesis states that H0 is rejected, meaning that the company performance variable (Y1) has a significant influence on the auditor's opinion variable (Y2).

The path coefficients in the structural model and the weight value of the manifest variable factors in the measurement model can be described through the following path diagram of the measurement model and structural model.

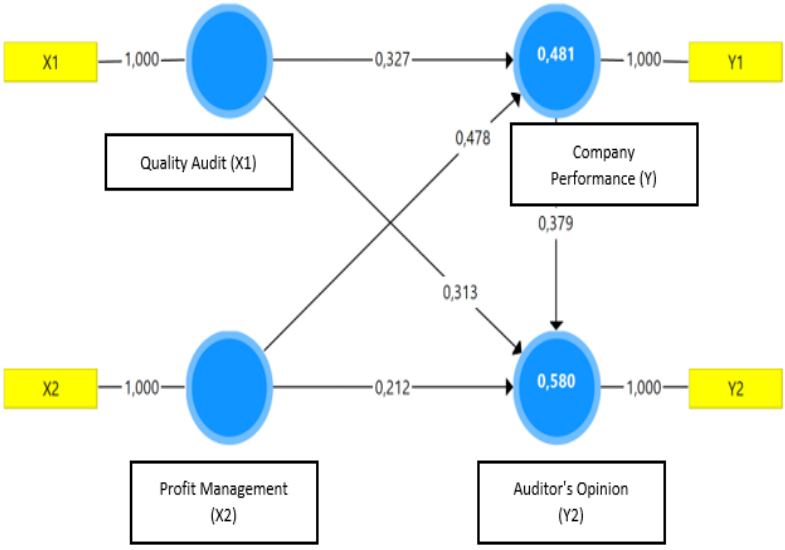

Fig 2. Path Diagram Model Measurement and Structural Model (OverAll)

$$\mathbf{Y}2 = 0{,}313\ X1 - 0{,}212\ X2 + 0{,}379\ \mathbf{Y1}$$

$$\mathbf{Y}1 = 0{,}327\ X1 - 0{,}478\ \mathbf{X2}$$

Based on the Path Diagram and structural equations above, it can be seen that the most dominant variable in influencing the auditor's opinion (Y2) is company performance (Y1) with the highest path coefficient of 0.379, while

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company performance (Y1) is more dominantly influenced by profit management (X2), which is with the highest path coefficient of 0.478 where among the dominant indicators its role in this case is proxied by the X2.1 indicator (Discretionary accrual) with the highest loading factor by 1,000 (100%).

Thus, if the management wants to increase the value of the auditor's opinion variable (Y2) from profit management (X2) through company performance (Y1), then statistical recommendations as material for strategic policy evaluation, especially regarding the key indicators that need to be prioritized to be improved are the indicators proxied by X2.1 (Discretionary accrual).

Analysis of Mediation Variables (Indirect Influence)

The analysis of mediation variables can be carried out through two approaches, namely coefficient difference and coefficient multiplication. The coefficient difference approach uses the examination method by conducting an analysis with and without involving mediation variables. While the multiplication method is carried out by the Sobel method. In this case, detection is carried out by the coefficient multiplication approach and the Sobel test. After going through the analysis process, it is known that the results of the coefficient multiplication as described below.

Table 7: Influence Indirect Among Latent Variable

Indirect influence	count	result	t-count	p-value	Conclusion
Audit quality (X1) → Auditor opinion (Y2) → Company Performance (Y1)	0,327 x 0,379	0,124	2,570	0,010	Significant
Earning Management (X2) → Auditor Opinion Y2) → Company Performance (Y1)	0,478 x 0,379	0,181	2,504	0,013	Significant

Based on the table above, it can be seen that the influence of latent variables indirectly on the intended latent variable is as follows:

1. The indirect influence of audit quality (X1) on auditor opinion (Y2) through company performance (Y1) is 0.124 with a t value of 2.570 > 1.96 (Significant).

2. The indirect influence of earnings management (X2) on the auditor's Opinion (Y2) through company performance (Y1) is 0.181 with a t value of 2.504 > 1.96 (Significant).

From these results, it can be concluded that the mediation variable, namely company performance (Y1), is stated to be able to mediate the influence of audit quality (X1) and profit management (X2) on the auditor's opinion (Y2).

CONCLUSION

This study examines the influence of audit quality and profit management on auditors' opinions through the performance of companies in mining companies in Indonesia. Audit quality is proxied by the application of professional standards for public accountability (SPAP) and profit management is proxied by discretional accrual (DA). Meanwhile, the Company's performance is proxied by return on equity (ROE) and the auditor's opinion is proxied by dummy variables with 1 being an unqualified opinion and 0 being other than unqualified (qualified opinion, adverse opinion and disclaimer opinion). Based on the results of the above research, it can be seen that in the reflective indicator, the entire Loading factor value is ≥ 0.50 (Valid), and the AVE value is ≥ 0.50 (Valid) so that all indicators that measure it are declared valid, while the results of the reliability calculation show that the Composite Reliability (CR) value ≥ 0.70 (Reliable).

The results of correlation analysis show that audit quality has an important role in controlling profit management and improving company performance. In addition, good performance also contributes positively to the auditor's opinion. From an accounting and corporate governance perspective, it is important for management to ensure that

audits are conducted by independent and professional parties so that the results are objective and can improve the Company's reputation. The results of the study show the findings that:

1) There is a significant positive influence of audit quality on auditors' opinions with a p-value showing 0.003 is smaller than 0.005. 2) There is a significant positive influence of audit quality on the performance of the company with a p-value showing 0.000 less than 0.005. 3) There is a significant positive influence of profit management on the auditor's opinion with a p-value showing 0.037 is less than 0.005. 4) There is a significant positive influence of profit management on the Company's performance with a p-value of 0.000 less than 0.005. 5) There is a significant positive influence of the Company's performance on the auditor's opinion with a p-value showing 0.000 less than 0.005. 6) There is a significant positive influence of audit quality on auditor opinion through the Company's performance with a p-value showing 0.010 less than 0.005. 7) There is a significant positive influence of profit management on the auditor's opinion through the company's performance with a p-value showing 0.013 less than 0.005. The determination coefficient (R-square) obtained from the audit quality (X1), earnings management (X2) to Performance (Y1) model is 0.481, so it can be explained that the accuracy of the measurement of audit quality (X1), profit management (X2) to company performance (Y1) is 48.1% and the remaining 51.9% is influenced by other variables outside the study. The determination coefficient (R-square) obtained from the audit quality (X1), Profit Management (X2), company performance (Y1) models against the auditor's opinion (Y2) is 0.58, so it can be explained that the accuracy of the measurement of audit quality (X1), profit management (X2), company performance (Y1) against the auditor's opinion (Y2) is 58% and the remaining 42% is influenced by other variables outside the study.

RECOMMENDATION

The limitation of this study is that the research variables only consist of audit quality, profit management, auditor opinion and company performance. Recommendations for further research are expected to replace variables or add variables that affect the auditor's opinion with a sample that is multiplied on companies listed on the Indonesia Stock Exchange and foreign Stock Exchanges such as the Malaysia Stock Exchange and the Singapore Stock Exchange, etc. The implication of this study is that with the application of professional standards of public and compliant accountants, the auditor will be able to give the best opinion, which is reasonable without exception so that it can improve the quality of the audit so that the auditor's reputation will be high. So that it will be able to increase the contract between the client and the auditor, it will increase the auditor's income for the continuation of the auditor's assignment in the future. Likewise, the existence of profit management that can be controlled by managers in managing their financial statements will be able to improve performance for the company to be better in the future.

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