



---

# The Influence of Audit Opinion on the Degree of Real Earnings Management.

## The Case of Romanian Listed Companies

---

Lecturer Mihai CARP, Ph. D.,  
"Alexandru Ioan Cuza" University of Iași, Romania,  
e-mail: mihai.carp@feaa.uaic.ro

Univ. Prof. Iuliana Eugenia GEORGESCU,  
Ph. D.,  
"Alexandru Ioan Cuza" University of Iași, Romania,  
e-mail: iuliag@uaic.ro

## Abstract

The quality of financial information is a decisive landmark in the decision-making process of all users. This is why meeting the quality criteria should be a desideratum for all the stakeholders involved in the development and verifying of financial reports. In this context, this paper aims to analyze the influence exercised by the audit opinion on the quality of the financial information reported by Romanian companies listed on the regulated market of the Bucharest Stock Exchange.

Quality is assessed in terms of the degree of manipulation of operational activities (intervention in the conduct of commercial transactions and controlling the cost of the goods sold via overproduction, respectively). The analyzed data cover a time frame of 6 financial years (2012-2017), and the dependency relations are also tested by introducing control variables such as: company size, indebtedness, profitability and reputation of the auditor.

The results obtained highlight the contribution of the audit opinion to boosting the quality of financial information, measured based on the degree of manipulation of sales (under the aspect of value and the time when the transactions were made). In case of manipulation via overproduction, the audit opinion does not exercise significant influences, reflecting possible limitations of the audit endeavor in terms of its capacity to identify corrupt activities associated with production. The auditor's reputation does not have a significant impact on the manipulation of sales, only in overproduction case this characteristic having a positive role.

**Keywords:** quality of financial information, real earnings management, the audit opinion

**JEL Classification:** M410, M420

### To cite this article:

Carp, M., Georgescu, I. E. (2019), The Influence of Audit Opinion on the Degree of Real Earnings Management. The Case of Romanian Listed Companies, *Audit Financiar*, vol. XVII, no. 4(156)/2019, pp. 666-679,  
DOI: 10.20869/AUDITF/2019/156/026

### To link this article:

<http://dx.doi.org/10.20869/AUDITF/2019/156/026>  
Received: 11.08.2019  
Revised: 26.08.2019  
Accepted: 07.10.2019