Asia Pacific Science Press

Asia Pacific Economic and Management Review
ISSN(O):3005-9275
ISSN(P):3005-9267
Vol. 2 No.5 (2025)

The Impact of Media Reports on the Audit Quality of Listed Manufacturing Companies

Qi Bai *

School of Management, Xi'an Polytechnic University, Shaanxi Xi'an, 710048, China

Corresponding author: Qi Bai, 1842323315@qq.com

Copyright: 2025 Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution License (CC BY-NC 4.0), permitting distribution and reproduction in any medium, provided the original author and source are credited, and explicitly prohibiting its use for commercial purposes.

Abstract: This paper discusses the impact of media coverage on the audit quality of listed manufacturing companies. The study found that negative media reports significantly improve audit quality by increasing audit failure cost, reducing information asymmetry and strengthening agenda setting. Although positive reports have a positive impact on audit quality, they are not significant. The policy-oriented report relies on the official background and authority to effectively improve the audit quality. Although the market-oriented report is under the pressure of survival, it still improves the audit quality through information screening and public opinion management. It is suggested to strengthen media management, perfect government management and implement auditor reputation mechanism to further optimize audit quality.

Keywords: Media Reports; Listed Manufacturing Companies; Audit Quality

Published: Sept 11, 2025

DOI: https://doi.org/10.62177/apemr.v2i5.618

1. Introduction

In the information ecosystem of capital market, the role of the media as the "fourth power" is increasingly prominent, and its reporting behavior has become an important external force that affects the governance efficiency of listed manufacturing companies. As the gatekeeper of the credibility of financial information, audit quality is not only the basis for investors to make decisions, but also the key guarantee for the efficiency of market resource allocation. The existing research has provided an important basis for understanding the relationship between media and audit quality, but there are still the following limitations: First, there is a lack of theoretical integration on the mechanism of media reporting attitude, especially the "double-edged sword" effect of positive reporting is not yet clear; Secondly, the differential transmission path of media types needs to be empirically tested. Third, under the background of digital transformation, the impact of media discourse differentiation on auditor behavior has not been fully incorporated into the analysis framework. The purpose of this paper is to fill the above research gap, reveal its differentiated impact on auditor's risk perception and practice behavior by deconstructing the reputation incentive mechanism, public opinion deterrence effect, policy signal transmission function and information screening function of media reports, and provide a new theoretical perspective and practical enlightenment for optimizing audit quality.

2. Factors Affecting Audit Quality Caused by Media Reporting

2.1 Media Attitude and Audit Quality

Media reporting attitudes can be divided into positive and negative dimensions. Positive reports highlight the positive aspects

of the company, such as participation in public welfare activities, excellent product results, etc., to enhance the corporate image; On the other hand, negative reports expose corporate malpractices, such as corruption and environmental pollution, which have a negative impact on corporate image.

2.2 Impact of negative media reports on audit quality

From the perspective of reputation mechanism, media attention has increased the reputation cost and economic loss of CPA audit failures, especially when reporting financial distress signals involving corporate debt default warning, off-balance- sheet financing violations and other financial distress signals, the probability of regulatory penalties and the amount of civil compensation will significantly increase, so the CPA will provide higher-quality audit services, thus inhibiting the risk of corporate violations.[1]. In order to safeguard the reputation and avoid investors questioning the audit quality, the auditor may be prompted to issue a non-standard opinion.[2], and then strictly abide by the professional ethics, conscientiously complete the audit task, improve the audit quality.

From the perspective of information asymmetry, negative media reports reduce the auditor's information verification cost by revealing the abnormal financial behavior of the enterprise. During the execution of audit procedures, incomplete information acquisition may lead to professional judgment errors of auditors. After the media exposure, the auditors' information acquisition cost was reduced and more comprehensive. They paid more attention to issues related to negative information, and the audit was more targeted and efficient.

Starting from the agenda-setting theory, the media has expanded the access to public information, mainly affecting the behavior of certified public accountants from two aspects: one is the "strategic hypothesis", certified public accountants as risk aversion, facing the possible legal risks caused by negative media reports, may urge auditors to strengthen accounting- related audit procedures, thus indirectly improving audit quality[3]; The second is the "cognitive hypothesis". Under the uncertain environment, people tend to ignore the possibility of certain events and pay more attention to the representative events, i.e. negative media reports. Negative media reports have amplified the risks through high-frequency exposure, triggering a regulatory chain reaction. Its crisis framework has further activated the auditor's loss aversion and forced the audit process to be strengthened.[4].

2.3 Impact of Positive Media Reporting on Audit Quality

Positive media reports will affect the final audit quality by influencing the CPA's behavior, mainly through the following two ways.

On the one hand, when listed companies receive a large number of positive media reports, CPAs are vulnerable to public perception. Since media reports are generally regarded as a concentrated reflection of public opinion, the reputation halo created by positive information may lead auditors to rely excessively on qualitative information. For example, the continuous reporting on the technological innovation achievements of enterprises may cause the audit team to ignore the abnormal fluctuations in quantitative financial indicators, such as the phenomenon that the capitalization proportion of research and development expenses is significantly higher than that of peers, and the proportion of government subsidies in profits is abnormally rising. Such cognitive bias may weaken professional skepticism and thus issue an unqualified audit opinion.[5]. The research shows that the auditor's verification adequacy of the management statement decreases under such circumstances, and the auditor is more inclined to rely on immaterial evidence.

On the other hand, the halo framework of positive reporting is easy to trigger the auditor to confirm the error, and due to the lack of agenda significance, it is difficult to translate into effective management pressure, which results in the weakening of its impact. Typical performance is to extend the internal quality control review cycle, or to reduce the tracking steps for abnormal accounting treatment. For example, in order to reduce audit costs or maintain customer relationships, the auditor may simplify procedures in high-risk areas: use sample checks instead of full checks in inventory audits, or reduce the frequency of on-site audits of foreign subsidiaries. This kind of behavior substantially increases the missed probability of material misstatement risk and may induce audit collusion risk. Analysis of regulatory cases shows that in some audit failure cases, the implementation rate of audit procedures of firms reporting positively to the media decreased by 19% on average.

2.4 Media type and audit quality

According to the type, media reports are divided into policy-oriented and market-oriented. The policy-oriented media maintains the traditional operation mode, and the information content focuses on the policy aspect; The market-oriented media gained relatively independent editorial rights and began to pay attention to the demands of the market for information. Policy-oriented media focus on national policies and report authority; The market-oriented media choose their own topics according to the market demand, with unlimited content. The policy-oriented reports selected in this paper include Securities Daily, Securities Times, china securities journal and shanghai securities news, while the market-oriented reports include China Operation News, Economic Observer, 21st century business herald and First Financial Daily.

2.4.1 The impact of policy-oriented reporting on audit quality

The policy-oriented report refers to the specific content released by the traditional media authorized by the CSRC and assuming the statutory information disclosure function. Its content attributes have the dual transmission functions of official information background and national regulatory will. When such reports involve a specific listed company, they will significantly arouse the regulatory authorities' targeted attention to the company, thus substantially increasing the probability that it will be included in the regulatory perspective.

From the analysis of reputation mechanism, the policy-oriented report urges the listed companies to exercise strict self-discipline to avoid reputation risk: the negative report will trigger the senior management to urgently carry out crisis public relations and rectification; Positive reports promote corporate reputation capital through official credit endorsement, but may induce earnings management motivation under political connection premium. Certified public accountants are highly sensitive to this–companies that receive official attention will trigger an increase in audit intensity, regardless of reporting bias: companies that report negatively will be subject to enhanced procedures to address regulatory risks; On the other hand, companies with positive reports focus on substantive testing to prevent financial manipulation covered by reputation aura.

From the perspective of information access, on the one hand, investors have limited ability to actively access information and will pay great attention to policy-oriented reporting in order to obtain comprehensive information. On the other hand, policy-oriented reporting, as a channel of information dissemination for government departments, has strong dissemination power, great influence and high contact probability for information users. Under this risk-sharing mechanism, the risk-sharing relationship between the CPA and the investors enables the stakeholders' continuous attention to the policy-oriented reports to be transmitted to the audit subjects, thus forming the practice pressure transmission effect, urging them to audit more carefully, and strive to issue reasonable reports and improve the audit quality.

2.4.2 Impact of market-oriented reporting on audit quality

Market-oriented reporting operates according to market demand without state support and needs to take risks independently to attract attention with novel content. Its negative report has aroused the vigilance of the market and stakeholders, forcing the management to strengthen self-discipline. At the same time, such reports urge certified public accountants to adjust audit procedures in a timely manner based on information to improve audit quality in response to regulatory pressure. Its positive report implies the risk of commercial propaganda, which may weaken the motivation for continuous improvement of the enterprise. Based on this, CPAs responded differently: adjusting audit procedures to respond to negative reports and responding to market pressure; For positive reports, the matching between publicity and financial data is verified to prevent distortion.

Although market-oriented reporting lacks state support and faces survival pressure, it is free from state interference and can comprehensively report the information collected. According to the theory of information asymmetry, the freedom of market-oriented reporting makes its information more comprehensive and the number of reports increases, which provides more information for certified public accountants and significantly reduces the impact of information asymmetry. From the perspective of agenda-setting theory, the dissemination characteristics of market-oriented reports will lead to significant attention bias effect of certified public accountants. Certified public accountants will pay close attention to financial related reports and collect information of listed companies in a more targeted and comprehensive way, which can better deal with follow-up follow-up reports, conduct audit work more accurately and improve audit quality.

3. Empirical Research

3.1 Making assumptions

This chapter is an empirical study on the factors that affect the audit quality in media coverage. Based on the above description, the following research assumptions are made:

Hypothesis 1: Negative media coverage is positively correlated with audit quality.

Hypothesis 2: Positive media coverage has a negative correlation with audit quality.

Hypothesis 3: there is a positive correlation between policy-oriented reporting and audit quality.

Hypothesis 4: there is a positive correlation between market-oriented reporting and audit quality.

3.2 Sample data

The sample data of this study are mainly from the National Taian Database (CSMAR) and the China Important Newspaper Full-text Database. The work of data processing and analysis is completed by means of Excel and Stata 15.0 statistical software.

3.2.1 Sample sources

This paper takes the listed companies in manufacturing industry as the research object, and takes the financial data and media report data of companies in manufacturing industry as the data source of empirical research. This is mainly because the manufacturing industry can obtain a large amount of complete relevant data, which provides great help for the author in data mining and model building.

3.2.2 Data selection

In order to carry out the empirical research smoothly, this paper screens the complete and appropriate sample data through the following processing:

(1) Excluding sample companies that have been losing money for more than two consecutive years, namely ST and ST*;

(2) exclude outliers and missing data samples;

(3) Excluding disturbing reporting examples caused by name ambiguity (for example, expressions with multiple meanings such as “Northern Wilderness”).

(4) In order to ensure the integrity of the data, the full name and abbreviation of the sample companies are searched through “title query” and “topic query” channels. During the data collection phase, unrelated information such as announcements of listed companies has been eliminated and single reports involving multiple companies have been removed.

3.3 Efinition of Variables

3.3.1 Interpreted variables

In this paper, earnings management, which is the most commonly used measure of audit quality, is used as the calculation method of earnings management. The calculation process is as follows:

$$\frac{TA_{i,t}}{A_{i,t-1}} = \alpha_1 \frac{1}{A_{i,t-1}} + \alpha_2 \frac{\Delta \mathrm{REV}_{i,t}}{A_{i,t-1}} + \alpha_3 \frac{PPE_{i,t}}{A_{i,t-1}} + \alpha_4 ROA_{i,t-1} + \varepsilon_{i,t} \quad \text{(Formula 3-1)}$$

$$NDA_{i,t} = \alpha_1 \frac{1}{A_{i,t-1}} + \alpha_2 \frac{\Delta REV_{i,t} - \Delta REC_{i,t}}{A_{i,t-1}} + \alpha_3 \frac{PPE_{i,t}}{A_{i,t-1}} \quad \text{(Formula 3-2)}$$

$$DA_{i,t} = \frac{TA_{i,t}}{A_{i,t-1}} - NDA_{i,t} \quad \text{(Formula 3-3)}$$

In the model, total accrued profit $TA_{i,t}$ is defined as net profit less net cash flows from operating activities. Controllability accrued profits $DA_{i,t}$ and non-controllability accrued profits $NDA_{i,t}$ form an integral part thereof, in which operating income change$\Delta REV_{i,t}$ refers to the change in operating income of the current period as compared with that of the previous period, and trade receivable change $\Delta REV_{i,t}$ represents the change in the balance of trade receivables of the current period as com- pared with that of the previous period. The original value of fixed assets, $PPE_{i,t}$, together with the total assets at the beginning of the period, $A_{i,t-1}$, and the asset return rate of the previous period, $ROA_{i,t-1}$, are taken as explanatory variables. The parameter estimates α_1、 α_2 and α_3 are obtained by regression of model (3-1), which are substituted into model (3-2) to calculate $NDA_{i,t}$, and finally $DA_{i,t}$ is obtained by the difference between the two models. The degree of earnings management is measured by

the absolute value of discretionary accruals $|DA_{i,t}|$, and subscripts i and t represent the individual and fiscal year of the listed company respectively.

3.3.2 Explanatory variables

In this paper, media reports are used as explanatory variables and the natural logarithm of "number of media reports by listed companies +1" is used as a measure of media reports. When collecting the data, we take the media positive report and the media negative report as two attitudes, the policy-oriented report and the market-oriented report as the research angle. When distinguishing between positive and negative reports, negative words such as violation of laws and regulations and positive words such as improvement and improvement are used as the basis of distinction.

3.3.3 Control variables

With reference to other literature, this paper also selects the following control variables: company size, cash asset ratio, asset return rate, growth, firm reputation, asset-liability ratio, current ratio and year.

Table 3-1 Definition Table of Relevant Variables

Variable category	variable symbol	Variable name	Variable description
Interpreted variable	|DA|	earnings management	Absolute value of profit accruals for controllability
Explanatory variable	Atti1	Negative media reports	The number of negative media reports plus the natural logarithm of one
	Atti2	Positive media coverage	The number of positive media reports plus the natural logarithm of 1
	Type1	Policy-oriented reporting	Policy-oriented Reports Plus Natural Logarithm of 1
	Type2	Market-oriented reporting	The market-oriented report plus the natural logarithm of 1
Control variable	Size	Company size	Natural logarithm of total assets of listed companies
	Cfo	Cash asset ratio	Average of cash flows from operating activities/total assets
	Roa	Asset return rate	Net profit/total assets
	Growth	Growth	Growth rate of operating revenue
	Big4	Firm reputation	The audited entity is audited as 1 by an international "big four" firm; otherwise, it is 0
	Lev	Asset-liability ratio	Total liabilities/total assets
	Liq	liquidity ratio	Current assets/current liabilities
	Year	year	Set by different years

4. model building

In this paper, two multivariate linear regression equations are proposed to study the relationship between explanatory variables and explanatory variables. The first model is to test Hypothesis 1 and Hypothesis 2. When the research hypothesis H1 holds, the coefficient β will show a significant positive correlation; If the study assumes that H2 is verified, β should exhibit a significant negative correlation. The measurement model for the hypothesis testing is set as follows:

$$|DA| = \beta_0+\beta_1 Atti+\beta_2 Size+\beta_3 Cfo+\beta_4 Roa+\beta_5 Growth+\beta_6 Big4+\beta_7 Lev+\beta_8 Liq+\beta_9 Year+\varepsilon \quad \text{(Formula 3-4)}$$

Where:ε: random perturbation term

β_0: constant term

β_1、β_2、β_3、β_4、β_5、β_6、β_7、β_8、β_9: represent coefficients of corresponding variables respectively

For the validation of assumptions H3 and H4, the coefficient β_1 in model 2 is expected to show significant positive correlation. The construction logic of this measurement model is as follows:

$$|DA| = \beta_0+\beta_1 Type+\beta_2 Size+\beta_3 Cfo+\beta_4 Roa+\beta_5 Growth+\beta_6 Big4+\beta_7 Lev+\beta_8 Liq+\beta_9 Year+\varepsilon \quad \text{(formula 3-5)}$$

Where:ε: random perturbation term

β_0: constant term

β_1、β_2、β_3、β_4、β_5、β_6、β_7、β_8、β_9: represent coefficients of corresponding variables respectively

5.Empirical analysis

5.1 Descriptive statistical analysis

Based on the descriptive statistics and analysis of the financial data of 50 listed companies in the manufacturing industry in the sample for 5 consecutive years, the results show that the average value of earnings management of the sample companies is 0.0639, the maximum value is 0.408, and the minimum value is 0.0002, indicating that the earnings management of the listed companies in the manufacturing industry is not rigorous and the audit quality is good. The average value of media negative reports is 0.698, and the standard deviation is 0.537; The average value of positive reports is 0.648, and the standard deviation is 0.404. The difference between the two is not big, which indicates that the media have a small difference in reporting attitude towards listed companies, but the number of negative reports is more than positive reports, which indicates that the media prefer to report negative information and make the public pay more attention to negative reports. The average value of the policy-oriented report is 1.226 and the average value of the market-oriented report is 0.666, indicating that the public prefers the former. The statistical results of control variables show that the maximum value of the company size is 25.18 and the minimum value is 19.97, with significant difference. The average cash ratio is 0.144, with a maximum value of 0.587 and a minimum value of 0.0125, indicating that the Company has a low proportion of idle funds and its assets are mainly used for development, which is in line with the management philosophy of the Company. The maximum value of corporate growth is 2.402, the minimum value is -0.522, the standard deviation is 0.311, the difference is significant; The influence of other control variables is not different.

Table 3-2 Statistical Results Table

variable	N	average	standard deviation	minimum	maximum
DA	250	0.0639	0.0638	0.0002	0.408
Atti1	250	0.698	0.537	0	2.619
Atti2	250	0.648	0.404	0	3.116
Type1	250	1.226	1.036	0	3.007
Type2	250	0.666	1.078	0	2.595
Size	250	22.32	1.405	19.97	25.18
Cfo	250	0.144	0.104	0.0125	0.587
Roa	250	0.0478	0.0726	-0.384	0.432
Growth	250	0.136	0.311	-0.522	2.402
Big4	250	0.104	0.306	0	one
Lev	250	0.414	0.216	0.0351	0.941

5.2 Correlation analysis

Table 3-3 Correlation coefficient table

	DA	Atti1	Atti2	Type1	Type2	Size	Cfo	Roa	Growth	Big4	Lev	Liq
DA	one											
Atti1	0.0630***	one										
Atti2	0.0680***	0.873***	one									
Type1	0.0220***	0.825***	0.752***	one								
Type2	0.0270***	0.810***	0.742***	0.735***	one							
Size	0.0950***	0.591***	0.685***	0.558***	0.539***	one						
Cfo	0.0110*	-0.0610	-0.179***	-0.105*	0.00900	-0.403***	one					
Roa	0.0540***	0.0320	-0.0270	0.0790	-0.0180	-0.0720	0.230***	one				
Growth	0.159**	-0.0120*	0.0210	0.0370	0.00200	-0.0430	0.0530	0.391***	one			
Big4	0.105***	0.339***	0.394***	0.344***	0.263***	0.437***	-0.0870	-0.00700	-0.0320	one		
Lev	-0.0600	0.494***	0.572***	0.428***	0.450***	0.734***	-0.406***	-0.298***	-0.111*	0.327***	one	
Liq	0.0370	-0.244***	-0.320***	-0.270***	-0.217***	-0.450***	0.505***	0.278***	0.0810	-0.188***	-0.664***	one

Note: * * *, * * and * are significant at 1%, 5% and 10%, respectively

From the results of correlation analysis, negative reports, positive reports, policy-oriented reports and market-oriented reports are significantly positively correlated with audit quality. The empirical results show that the enhancement of media coverage intensity has a significant positive impact on audit quality improvement (assuming H2 is not statistically supported). In addition, the correlation coefficient matrix shows that the correlation coefficients among explanatory variables, explanatory variables and control variables in the model are all below the threshold of 0.9, which effectively controls the potential interference of multicollinearity problem on the model validity.

5.3 Regression analysis

This study constructs a dual analysis framework: positive/negative media reports and policy/market-oriented reports are set as explanatory variables respectively, while audit quality is taken as the explanatory variable; Through the systematic test of models 3-4 and 3-5, the mechanism of the effect of media reports from different dimensions on audit quality is revealed. The regression results are shown in Table 3-4.

Table 3-4 Regression Results of Media Reporting and Audit Quality

variable			(3)	(4)
Atti1	0.011**			
	(0.52)			
Atti2		0.002		
		(0.09)		
Type1			0.014**	
			(1.32)	
Type2				0.003*
				(0.62)
Size	0.012***	0.011***	0.012***	0.012***
	(0.41)	(0.32)	(0.58)	(0.53)
Cfo	-0.012**	-0.010**	-0.015**	-0.018**
	(-0.26)	(-0.21)	(-0.32)	(-0.37)
Roa	0.070	0.068	0.075	0.068
	(1.04)	(1.02)	(1.12)	(1.01)
Growth	0.040***	0.040***	0.040***	0.040***
	(2.91)	(2.89)	(2.89)	(2.88)
Big4	0.012*	0.012*	0.013*	0.012*
	(0.84)	(0.82)	(0.91)	(0.82)
Lev	-0.025	-0.024	-0.024	-0.026
	(-0.72)	(-0.68)	(-0.72)	(-0.75)
Liq	-0.001	-0.001	-0.001	-0.001
	(-0.07)	(-0.06)	(0.05)	(-0.06)
Constant	0.202*	0.193*	0.217**	0.216**
	(1.93)	(1.81)	(2.12)	(2.04)
Observations	250	250	250	250
R-squared	0.092	0.092	0.094	0.093
F test	0.00501	0.00519	0.00406	0.00451
r2_a	0.0583	0.0579	0.0605	0.0594
F	2.712	2.701	2.782	2.747

Note: (1) The values in brackets are T statistics; (2)***, * * and * are significant at 1%, 5% and 10%, respectively.

(1) the regression results of negative media reports and audit quality

The regression results of model (1) show that the β_1 coefficient between negative reports and audit quality is 0.011($p<0.05$), which supports the hypothesis that H1 holds, indicating that this variable has a significant positive impact on audit quality improvement.

(2) the regression results of positive media coverage and audit quality

The estimation results of model (2) show that the positive reported β_1 coefficient estimation value for audit quality is 0.002($p>0.1$), which fails the significance test. This indicates that hypothesis 2 is not true, i.e. positive reporting does not inhibit the improvement of audit quality.

(3) the regression results of policy-oriented reporting and audit quality

Regression analysis of model (3) shows that the β_1 coefficient of policy-oriented reporting and audit quality is 0.014($p<0.05$), which supports hypothesis H3, indicating that this variable has statistically significant positive effect on audit quality improvement.

(4) Regression results of market-oriented reporting and audit quality

The estimation results of model (4) show that the β_1 coefficient of market-oriented reporting on audit quality is 0.003($p<0.1$), which supports hypothesis H4. At the level of control variables, return on assets, growth indicators and auditor reputation variables are significantly positively correlated. The positive relationship between company size and audit quality can be explained by the scale effect: large companies tend to reduce regulatory costs and earnings management, thus improving audit quality. In contrast to financial structure variables, cash asset ratio, asset-liability ratio and current ratio all show significant negative effects.

5.4 Robustness test

In order to test the robustness of the research conclusions, this study uses the alternative variable method (using the type of audit opinion to replace earnings management indicators) for quadratic regression analysis. As shown in Table 3-5, the correlation direction and significance level between media reports and audit quality are consistent with the main regression results, which verified the reliability of the research conclusions.

Table 3-5 Results of Robustness Test on Audit Quality Reported by Media

variable	(1)	(2)	(3)	(4)
Atti1	0.015***			
	(0.80)			
Atti2		0.015		
		(0.77)		
Type1			0.013***	
			(0.54)	
Type2				0.012***
				(0.65)
Size	0.013**	0.013**	0.017**	0.014**
	(1.29)	(1.20)	(1.67)	(1.33)
Cfo	-0.057	-0.051	-0.037	-0.058
	(-0.58)	(-0.53)	(-0.38)	(-0.58)
Roa	0.631***	0.638***	0.646***	0.641***
	(4.70)	(4.77)	(4.80)	(4.79)
Growth	-0.032	-0.034	-0.032	-0.033

variable	(1)	(2)	(3)	(4)
	(-1.12)	(-1.18)	(-1.12)	(-1.15)
Big4	0.028	0.027	0.031	0.030
	(0.93)	(0.89)	(1.02)	(0.99)
Lev	-0.238***	-0.238***	-0.229***	-0.235***
	(-3.36)	(-3.36)	(-3.27)	(-3.33)
Liq	-0.007*	-0.007*	-0.007*	-0.007*
	(-1.72)	(-1.72)	(-1.73)	(-1.71)
Constant	0.771***	0.777***	0.692***	0.764***
	(3.61)	(3.57)	(3.28)	(3.53)
Observations	250	250	250	250
R-squared	0.171	0.170	0.169	0.170
F test	2.83e-07	2.87e-07	3.33e-07	3.07e-07
r2_a	0.143	0.143	0.142	0.142
F	6.192	6.187	6.136	6.164

Note: (1) The values in brackets are T statistics; (2)***, * * and * are significant at 1%, 5% and 10%, respectively.

5.4.1 Results of hypothesis testing

According to the assumptions put forward above and the conclusions of regression analysis, the results of verification of corresponding assumptions are shown in the following table:

Table 3-6 Hypothesis Validation Results

suppose	Hypothetical content	Match
Assumption 1	Negative media reports have a positive impact on audit quality.	be
Hypothesis 2	Positive media reports have a negative impact on audit quality.	no
Assumption 3	Policy-oriented reporting has a positive impact on audit quality	be
Assumption 4	Market-oriented reporting has a positive impact on audit quality	be

5.4.2 Research results

Negative media reports have significant positive correlation with audit quality. Such reports expose the company's non-compliance events, arouse public attention, and bring market pressure and financial risks to the related auditors. Under this pressure, the CPA will intensify the audit to ensure reasonable audit results, reduce risks and improve audit quality.

Positive media reports showed a positive trend but did not reach statistical significance, and the results deviated from the hypothesis. It may be due to multiple factors: although the CPA converts the details in the positive report into audit clues, it is limited by cognitive bias, excessive reliance on qualitative information, lack of media credibility, interference of low-quality reports or advertising soft articles and failure of market pressure transmission, and investors' concern is passive, which results in dilution of its supervisory role.

There is a significant positive correlation between policy-oriented reporting and audit quality. Such reports received financial support from the state and mainly disseminated the contents of the state policies. The information was fair and just. Due to the support of the state, its report is influenced by the government and reflects the state's attitude. Based on this, CPAs should focus on such reports in order to analyze the policy direction and optimize the audit procedures.

Although there is a positive correlation between market-oriented reporting and policy-oriented reporting, the effect intensity is significantly weaker. The survival of such reports depends on the market demand-driven, and under great economic pressure in the absence of government support, they may obtain advertising revenue by undertaking publicity business, or cause bias in the content of the reports. However, in view of its core value derived from public content recognition, in order to maintain long-term market reputation, controversial content is voluntarily abandoned when necessary. Finally, through the continuous development of information screening and public opinion management functions, a net improvement effect on audit quality is formed.

6. Countermeasures and Suggestions for Improving Audit Quality

6.1 To strengthen the media's management of the information disclosure of listed companies

6.1.1 Enhance the credibility of the media

The credibility of the media originates from public trust, and real content can enhance the credibility of information and thus promote the sound development of the media itself. However, in reality, lack of funds or external pressure may lead to false reports. It is suggested that the media should implement a separation mechanism to ensure the objectivity of reporting, and at the same time, strengthen the training of practitioners' ability, and strengthen the sense of responsibility and reduce external interference by improving professional quality. Therefore, enhancing the credibility of the media can reduce the audit cost of certified public accountants and form a win-win situation.

6.1.2 Play the important role of the media

A benign environment can positively adjust the media's role in promoting the audit prevention function[6]. Time-sensitive information can provide clues for CPA audit, but it is necessary to establish an information screening mechanism to eliminate distorted content in order to improve the effectiveness of decision-making. It is suggested to formulate laws and regulations to restrict the media, increase the cost of media false information violations, and enable them to strengthen the content audit. This can not only form the governance pressure of listed companies and restrain financial fraud through true reporting, but also optimize the quality of audit evidence sources and form a benign transmission chain.

6.2 To improve government regulation of the media

6.2.1 Respect the independence of the media

Negative media reports have significant inhibitory effect on listed companies' financial restatement behavior through information governance mechanism, but government administrative intervention will weaken the strength of this management effect[7]. It is suggested that the government should appropriately adjust the intensity of intervention and allow the media to sort out the information and report, but the news that is obviously false should be corrected in time, and the media that is seriously false should be punished. The media should adhere to YEATION's content, abide by professional ethics and prohibit the use of improper means.

6.2.2 Safeguarding the media's right of management by public opinion

In the process of information collection, the media face many obstacles, which affect the reliability of the content of the report, and the negative media reports need to rely on audit management or policy intervention to give full play to the role[8]. It is suggested that the government should improve the system to guarantee the media's access to information, ensure the objectivity and comprehensiveness of the reports, and avoid misleading the public due to lack of information. At the same time, the media should strictly abide by professional norms to prevent the abuse of rights, and the government should establish a restraint mechanism when empowering.

6.3 The implementation of the Institute of Certified Public Accountants to establish a reputation mechanism for auditors

At present, the auditor's responsibility is too easy to slack off, and the "top ten" auditors are less affected by the media because of their reputation capital accumulation and risk resistance, which confirms the role of reputation mechanism in ensuring audit quality.[9]. It is suggested to establish a reputation accumulation mechanism: 1) establish a quantitative evaluation and grading certification system; 2) Build a digital platform to track the practice track. When the audit fails, the platform will be demoted and publicized, which will force the audit quality to be improved by increasing the cost of failure.

Funding

no

Conflict of Interests

The authors declare that there is no conflict of interest regarding the publication of this paper.

Reference

[1] Yin, M. Q., & Li, W. B. (2018). Internet media attention, audit quality and risk suppression: Based on empirical data of A-share listed companies in Shenzhen Main Board. Audit and Economic Research, 33(4), 24-33.

[2] Li, X. H., & Yang, K. (2015). Media attention, audit opinion and transparency of accounting information. Journal of Central University of Finance and Economics, (10), 52-60.

[3] Liu, Q. L., Li, H., Zhao, C., et al. (2014). Negative media reports, litigation risks and audit fees. Accounting Research, (6), 81-88+97.

[4] McCombs, M. E., & Shaw, D. L. (1972). The agenda-setting function of mass media. Public Opinion Quarterly, 36(2), 176-187.

[5] Zhang, L. P., & Lu, M. K. (2014). The mechanism and influence of media opinion on audit judgment: An interpretation based on journalism and communication theory. Audit Research, (1), 53-61.

[6] Chi, G. H., Yang, J., & Gu, F. (2018). Does the media focus on improving the government audit function? —An empirical study based on provincial panel data in China. Accounting Research, (1), 53-59.

[7] Dai, Y. Y., Pan, Y., & Liu, S. C. (2011). Media supervision, government intervention and corporate governance: Evidence from the perspective of financial restatement of listed companies in China. World Economy, (11), 121-144.

[8] Zhang, Q., Bu, D. L., & Yu, Z. (2016). Media attention, reporting mood and government's "three public" budget restraint. Economic Research, 51(5), 72-85.

[9] Lu, M. K., & Liu, Z. (2015). Media attitude, investor concern and audit opinion. Audit Research, (3), 64-72.