

## **Does audit quality moderate the relationship between corporate Risk-taking and firm performance?**

### **ABSTRACT**

This study investigates the moderating effect of audit quality on the relationship between corporate risk-taking and firm performance. Data for this research were sourced from DataStream, and annual reports were obtained from the Bursa Malaysia website. Panel data analysis was utilized to analyze the data, specifically employing pooled OLS, random effects, and fixed effects models. Robust standard error estimation was applied to address potential serial correlation and heteroscedasticity issues. The study underscores the complex interplay between corporate risk-taking, audit quality, and firm performance. The findings indicate that audit quality does not moderate the relationship between corporate risk-taking and firm performance. While the role of audit quality is generally essential, it appears to be a less critical factor in managing corporate risk behavior and firm performance. Nevertheless, the significance of audit quality should not be underestimated by investors, practitioners, and regulators, as it remains vital for enhancing transparency and reducing information asymmetry in various key areas.