THE IMPACT OF AUDIT COMMITTEE CHARACTERISTICS ON EARNING MANAGEMENT IN COMPANIES LISTED IN INDONESIAN STOCK EXCHANGE

Abstract

This study aims to know the impact of audit committee characteristics represented by audit committee independence, size, expertise, and meetings on earning management on listed companies on Indonesian stock exchange (IDX). Earning management is the dependent variable which is measured with modified jones model. The control variables are company size, leverage, and audit firm size. This study used purposive sampling method and 428 companies in IDX selected as samples with 1,964 observation data. The hypotheses testing method was panel regression method.

The results showed that audit committee independence, size, expertise, and meetings have no significant relationship with earning management. Control variable firm size has a positive significant and the other control variable namely leverage, and audit firm size have a negative significant effect on earning management.

Keywords: earnings management, audit committee