

*Undergraduate Thesis
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***ANALYSIS OF THE EFFECT OF BOARD CHARACTERISTIC
AND AUDIT COMMITTEE CHARACTERISTIC ON
EARNING MANAGEMENT OF LISTED
COMPANIES IN INDONESIA
STOCK EXCHANGE***

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Abstract

This study examines the effectiveness of several characteristics of the board and audit committee to monitor management behavior concerning their ability to manage revenue. Companies listed on the Indonesia Stock Exchange (IDX) for 2013 to 2017, using a sample of 2000 observational data or 400 companies have been investigated to analyze the relationship between board characteristics, audit committee characteristics, and earnings management.

The results showed that discretionary accruals as a proxy for earnings management were positively related to audit committee size, audit committee expertise, and firm performance as a control variable but were significantly negative related to audit committee independent, audit committee meetings, and firm size as a control variable. And other variables such as board size, board independent, and control variables namely leverage have not been proven to be able to influence earnings management.

This study discusses the literature on board functions, and audits on earnings management, and contributes to financial processes and earnings management literature by analyzing data from emerging markets and providing useful information for companies, accounting, and regulators on audit assistance to be more effective.

Keywords: *earnings management, board characteristics, audit committee characteristics*