

UNIVERSITAS INTERNASIONAL BATAM

Faculty of Economy
Accounting Study Program
Odd Semester 2019/2020

INFLUENCE OF AUDIT COMMITTEE EFFECTIVENESS, BOARD OF DIRECTORS, AND AUDIT QUALITY ON EARNING MANAGEMENT

Susanti
NPM:1642204

ABSTRACT

The act of profit manipulation or referred to as earnings management is a fraudulent activity made by the management of the entity's financial statements that are essential to obtain personal or entity profit. This will be detrimental to investors who invest capital in these entities because the benchmark for the public to make investments in the financial statements. The purpose of this study is to analyze the impact of the board director and audit committee effectiveness and audit quality on earnings management.

Public entities in Indonesia already have several deceits on financial reports, therefore this study focused on the detail of the effects of board directors and audit committee effectiveness on earnings management. Non-financial entities listed on the Indonesia Stock Exchange (IDX) for the 2014-2018 period are the samples used in this test using panel regression.

The test results of this study stated that the independent variables that did not significantly influence the dependent variable were the size of the audit committee, the independence of the audit committee, the expertise of the audit committee, the audit committee meeting, the independence of the board of directors and the board of directors meeting. Variables that had a significant effect on the dependent variable were the size board of directors, company size, leverage, growth opportunity, return on assets and operational cash flows.

Keywords: *profit management, audit committee effectiveness, board of directors, audit quality*