

*Faculty of Economic
Accounting Study Program
Odd Semester 2019/2020*

***IMPACT OF AUDIT COMMITTEE CHARACTERISTICS AND EXTERNAL
AUDITOR TO EARNING MANAGEMENT***

**Leny Handayani
NPM : 1642205**

ABSTRACT

This research was done to get result on the impact of audit committee characteristics and external auditor quality to earning management. Attendance, size, expertise, and meeting are parts of the audit committee characteristics that were used in this research. External auditor variable was measured by specifying whether the listed companies are audited by Big Four auditor or not. Dependent variable in this research, earning management, was measured by discretionary accrual formula. There were three control variables used in this research, included firm size, leverage, and return on asset.

Listed companies that meet the criteria in Indonesian Stock Exchange were the object in this research. Sample data was taken from the time range of 2014 to 2018 using purposive sampling method. Software used for the data analysis is SPSS and Eviews.

Proved in the result of this research, audit committee characteristics and external auditor doesn't have significantly to impact earning management in negative way, while three control variables included firm size, leverage, and return on asset significantly impact earning management in positive way. In other words, more audit committee characteristics fulfilled and better external auditor used by the company, nothing impact to earning management practice will be found in the company.

Keywords: earning management, audit committee, eksternal auditor.