

ABSTRACT

This study aims to examine the effect of audit committee characteristics and audit quality on earnings management. These characteristics are size of the audit committee, competency of audit committee, and audit committee activities, while the audit quality is proxied as: auditor reputation (KAP big- 4 and KAP Non big- 4), auditor is industry specialization. The number of samples were determined using the purposive sampling method, obtained a total sample of 109 companies. The multiple linear regression is used to test the hypotheses. The results of this study show that competency of audit committee and audit committee activities affect negative significantly on earnings management.

Keywords: Audit committee characteristics, audit quality, and earnings management