

ABSTRACT

This study aimed to examine the effect of the characteristics of the board, such as the size of the Board of Commissioners, the independence of the Board of Commissioners, the number of board meetings, the number of meetings of the audit committee, the compensation of the board of commissioners and the quality of the external auditor, as auditor reputation and industry specialization auditor to earnings management that occur within the company banks listed on the Indonesia Stock Exchange in the period 2011-2014.

This research is an empirical study of the data characteristics of the board that is part of the corporate governance and earnings management of data obtained from the annual report, the financial statements of each perusahaan obtained from the official website of Indonesia Stock Exchange (www.idx.co.id), Indonesian Capital Market Directory (ICMD), as well as each company's website samples. The study population was banking companies listed in Indonesia Stock Exchange . The sampling method in this research is purposive sampling with criteria of the company issuing the financial statements in the year 2011 to 2014. The total number of samples in this study is 99 companies. Data were analyzed using multiple linear regression analysis.

Results showed variable KDK (Composition of the Board of Commissioners) have a significant effect on earnings management, variable IDK (independence BOC) not significant effect on earnings management, variable JRDK (Number of Board Meeting) effect not signifikan to earnings management, variable JRKA (Number of Meetings Audit Committee) not significant effect on earnings management, variable KDD (Compensation Board) has no effect signifikan to earnings management, variable RA (auditor reputation) not significant effect on earnings management, and variable SIA (industry specialization auditor) have a significant effect on earnings management.

Keywords: Corporate Governance, the Board, the Audit Committee, External Audit Quality, Reputation Auditor, Auditor Industry Specialization, Earnings Management.