

ABSTRACT

This study investigates the impact audit committee characteristics on financial distress. The audit committee characteristics that use in this study are size of audit committee, independence of audit committee, frequency of audit committee meeting, and competence of audit committee. This study use one control variable is firm size.

The data being used is from public company which is listed in BEI in 2007-2010 period. Data collecting method which used in this research is method purposive sampling, that based on criteria which has been determined before. Based on the method purposive sampling, research sample total is 152 companies. Financial distress criteria is measure by cumulative negative earnings over any two years period. Hypothesis in this research are tested by logistic regression analytical method. Data analysis using logistic regression with SPSS 16.

The result show that size of audit committee and competence of audit committee has negative affect with financial distress. Independence of audit committee and frequency of audit committee meeting has not negative affect with financial distress

Keyword: financial distress, audit committee, cumulative negative earnings over any two years period