

## **ABSTRACT**

This study aims to examine the moderating role of audit quality and the audit committee on the effect of business group affiliated companies on earnings management. Earnings management is measured using discretionary accruals. The moderation of audit quality is proxied by audit fees and audit tenure, while moderation of the audit committee is proxied by the number of audit committee meetings and the size of the audit committee.

This study uses a population of non-financial companies listed on the Indonesia Stock Exchange in 2018-2019. The source of data used is through the company's financial statements and annual reports. The purposive sample method was used to obtain research samples, and obtained 293 data samples studied in this study. This study uses a different *t-test* analysis to examine differences in earnings management in companies affiliated with business groups with independent companies and uses moderated regression analysis with the absolute difference value test method to test the research hypothesis.

The test results show that business group affiliated companies have a significant positive effect on earnings management and the number of audit committee meetings can significantly weaken the influence of business group affiliated companies on earnings management. In addition, audit quality through audit fee proxies and audit tenure as well as the number of audit committee members cannot significantly moderate the influence of business group affiliated companies on earnings management.

**KEYWORDS:** business group, audit quality, audit committee, earnings management