

ABSTRACT

Earnings management is an attempt to abuse accounting policies regarding accounting data to affect company profits by increasing or decreasing profits. Company performance can be seen from the financial statements presented by a company in order to measure the success of company operations and decision making for investors. There are several factors that influence earnings management, including company diversification, audit committee, and industry specialization. This study was directed to determine the simultaneous and partial influence between company diversification, audit committee, and industry specialization on earnings management in subsector companies recorded on the Indonesia Stock Exchange for the period 2018 – 2022 of food and beverage.

The research method utilized quantitative methods. The kind of research in the study is descriptive. Purposive sampling was used for the sample selection and there were 36 companies that met the required criteria within a period of five years so that 180 sampling units were obtained.

The consequences of this study show that company diversification, audit committee, and industry specialization together have an influence on earnings management. Partially, company diversification has a negative affect on earnings management and, while the audit committee and industry specialization has no influence on earnings management.

The results and discussion in this study, the author suggest to future researchers to retest the variables that have no effect by adding a research period and using other variables outside this study.

Keywords: company diversification, audit committee, industry specialization, earnings management