

ABSTRACT

Earning management is an intervention by management in financial reporting company, by way of toying with the numbers in the financial statements or by changing accounting policy a company to manage profit. This is done to gain a variety of benefits (usually for personal gain). Earning management can be done in various ways, such as income increasing, income decreasing, or income smoothing.

This research was purposed to finding out the influences of audit quality, audit committee, and firm size on earning management on manufacturing sector companies listed in Indonesia Stock Exchange in 2013 – 2015 simultaneously and partially.

The methods of this research is a quantitative research methods. The sample technique used to this research is purposive sampling technique and got 56 research samples within a period of 3 years so it is got 168 units of the samples. Analysis methods used to this research is analysis of panel data regression by using EViews 9 software.

Based on this result of research showed the combination between independent variable which consist of audit quality, audit committee, and firm size can explain or influence the dependent variable that is earning management 73,9555%, while the remaining 26,0445% is influence by another variable outside the research.

The result of this result also showed that audit quality, audit committee, and firm size has significant simultaneously on earning management. Partially, audit quality and audit committee has no significant effect on earning management, while firm size has significant positive effect on earning management.

Keywords: Audit Quality, Audit Committee, Firm Size, Earning Management