

## **ABSTRACT**

*This study aims to determine how the influence of audit quality, profitability and company size on earnings management and to determine the effect of audit quality, profitability and company size both simultaneously and partially on earnings management in automotive sub-sector companies and components listed on the Indonesia Stock Exchange ( BEI) in 2013-2017.*

*The population in this study is a group of automotive and component companies listed on the Indonesia Stock Exchange in 2013-2017. Samples were selected based on purposive sampling of 5 companies.*

*In this research the data collected is secondary data with documentation techniques. Panel data regression analysis technique, which is a combination of time series data and cross section.*

*Based on the results of the study, variables of audit quality, profitability, and firm size simultaneously have a significant effect on earnings management, where audit quality, profitability, and company size variables can affect earnings management by 67.8%, and the remaining 32.2% is influenced by factors other outside the research variable. Partially, the audit quality variable which is proxied by the KAP size has a negative effect on earnings management. While profitability variables that are proxy using Return on Assets (ROA) have a negative effect on earnings management, and company size variables that are proxy using natural logarithms of total assets have a negative effect on earnings management.*

*The results of this study indicate that audit quality has a negative effect on earnings management. So that investors are advised to pay attention to Public Accounting Firms that audit financial statements of automotive sector companies and components that are considered capable of limiting earnings management practices.*

**Keyword :** *Audit Quality, Profitabilty, Companies Size, Earning Management*