

ABSTRACT

Earnings management is an action taken by the company's management to influence the information contained in the financial statements with the aim of tricking potential investors who want to invest in the right company. Earnings management can be done with various patterns such as increasing profit (income increasing), decreasing profits (income decreasing) and income smoothing (income smoothing). There are many factors that can trigger earnings management practices, including independent boards of commissioners, audit committees and leverage.

This study aims to determine the simultaneous and partial effect of independent commissioners, audit committees and leverage on earnings management in the basic and chemical industry sectors listed on the Indonesia Stock Exchange for the 2015-2019 period.

The method used in this study is a quantitative method. The type of research in this research is descriptive. Sample selection using purposive sampling method and there are 47 companies that meet the required sample criteria within a period of five years in order to obtain 235 sample units. This research uses panel data regression analysis method using Eviews 9 software.

The results of this study also show that the independent board of commissioners, the audit committee have a significant simultaneous effect on earnings management. Partially, independent commissioners and leverage have no effect on earnings management and the audit committee has a significant effect on earnings management in a negative direction.

Further researchers are expected to add and test other variables that are suspected to have an influence on earnings management such as business group affiliation variables, company size, profitability, organizational structure or others. For a potential investor who decides to invest, the prospective investor should pay attention to various aspects that exist in the company.

Keywords: Earnings Management, Independent Board of Commissioners, Audit Committee and Leverage.