

ABSTRACT

Earnings management is company's earnings management to intervene in financial reports which is a bridge between companies and investors to avoid risks, but the use of earnings management is still being debated between practitioners and academics because of whether earnings management can be categorized as fraud or not.

The aim of this study was to determine the effect of descriptive statistics on audit quality, independent commissioners and audit committees on earnings management in the LQ45 index listed on the Indonesia Stock Exchange for the 2016-2020 period. This research is also to determine the simultaneous and partial effect of audit quality, independent commissioners and audit committees on earnings management.

This study uses a quantitative approach. Method used in this research is purposive sampling. The sample in this study were 30 companies listed on the LQ45 index on the Indonesia Stock Exchange in 2016-2020 so that the data to be used in this study was 150 data. The technique used in this analysis is the classic assumption test (which uses multicollinearity test and heteroscedasticity test) and panel data regression analysis which is then carried out to test the hypothesis using the coefficient of determination test (R^2), simultaneous significance test (F test) and partial significant test (T test).

The results show that audit quality, independent commissioners and company audit committee LQ45 for the period 2016-2020 have a simultaneous effect on earnings management. On the partial test results, audit quality and independent commissioners have no significant effect on earnings management in LQ45 companies for the 2016-2020 period, while the audit committee has a significant effect on earnings management in LQ45 companies for the 2016-2020 period.

Based on the results of research, further researchers can add or replace independent variables other than audit quality, independent commissioners and audit committees such as leverage and growth which allows these independent variables to influence earnings management and for further research can add samples other than LQ45 to obtain more varied results.

Keyword : Audit Quality, Independent Commissioners, Audit Committees, Earnings Management