# *ABSTRACT*

*Caroline Meiliana / 39150133 / 2019 / The Effect of the Audit Committee Characteristics on Firm Values ​​with Audit Quality as an Intervening Variables (Case Studies on Manufacturing Companies Listed on the Stock Exchange in 2015-2017)/Mulyani,S.E.,M.Si.*

*Several studies have been conducted on the effect of audit comittee characteristics on firm value. But the results obtained were not consistent. Therefore, this study aims to examine the effect of audit committee characteristics on firm value mediated by audit quality in manufacturing companies on the Indonesia Stock Exchange (IDX) for the period 2015-2017.*

*The theory underlying this research is agency theory and signaling theory. Agency theory states that managers will tend to be selfish and opportunistic unless monitored effectively, will exploit the principal for his own sake. While signaling theory refers to signals in the form of good news or bad news that the company gives to shareholders. Based on the theory where the company will be motivated to provide information relating to the success or failure of the company.*

*Data sample of this research is manufacturing companies listed in Indonesia Stock Exchange (IDX) during the period 2015-2017. Sampling technique to be used is the Non-Probability Sampling technique using Judgement / Purposive sampling, is sampling technique with consideration of certain criteria that have been determined in advance by the researcher. Data analysis technique, to test each variable and hypotheses, is Structural Equation Model (SEM) by using the method of Partial Least Square (PLS) through Smart PLS Software Version 3.2.4.*

*In the analysis and discussion, the outer model and inner model were tested. The outer model test results show that the valid as an indicator of the characteristics of the Audit Committee is the size of the audit committee. Then, from the results of the inner model test, it can be seen that the T Statistic effect of the Audit Committee Characteristics on Audit Quality is 5,654, the effect of the Audit Committee Characteristics on Corporate Values ​​is 1,327, and the effect of Audit Quality on Company Values ​​is 1,073 at a 15% significance level. While in this study, Sobel Test was not carried out because it was not eligible for Sobel Test.*

*The findings of this research state that the characteristics of the audit committee had a positive and significant effect on audit quality while not effected on firm values, then audit quality did not significantly influence the firm values. Furthermore, audit quality cannot mediate the effect of audit committee characteristics on firm value.*

*Keywords : Audit Committee Characteristics, Firm Values, Audit Quality*