# **ABSTRACT**

Ferbi Ferdianto / 31150573/2019 / Effect of Information Asymmetry, Profitability, Company Size on Earnings Management with Audit Committee as a Moderating Variable in Manufacturing Companies Listed in Indonesia Stock Exchange in 2015 - 2017 / Advisor: Dr. Hanif Ismail, S.E., M.M., M.Ak.

Earnings management is the actions taken by managers to increase, decrease, and flatten earnings for the period from a company that is managed without causing an increase or decrease in the long-term economic benefits of the company. This happens because there is a difference in the information that is known between managers and shareholders, where management is more and faster in knowing company information than shareholders and investors. Managers will try to use some accounting policies so that profits look as attractive as possible and achieve certain goals. Therefore, the purpose of this study is to determine the effect of information asymmetry, profitability, the firm size on earnings management with audit committees as a moderating variable. Based on agency theory and positive accounting theory, there is a conflict of interest that occurs between managers and shareholders as well as the emergence of costs incurred by the company for the continuity of its business.

The sample from this study consisted of 36 manufacturing companies listed on the Indonesia Stock Exchange in the period 2015-2017. Sampling is done by purposive sampling method. Data analysis techniques used to test hypotheses are multiple linear analysis and Moderated Regression Analysis.

The results showed that information asymmetry and firm size of a negative impact and not significant on earnings management, profitability of a positive impact and significant on earnings management, while audit committees as a moderating variable in the relationship of information asymmetry to earnings management had no influence, and audit committees as moderating variables in the relationship of profitability to earnings management has a significant influence.

Based on the results of this study, the company is expected to be able to minimize the number of factors that can be a cause of a company's management can take earnings management with the aim of personal interests.

Keywords: earnings management, information asymmetry, profitability, company size, audit committee