# ABSTRACT

Ronaldo Nathaniel /30150277/2019/ The Effect of Profitability, Leverage, Institutional Ownership and Audit Committee on Earnings Management in Mining Companies Registered in Indonesia Stock Exchange for the 2015-2017 Period/ Advisor : Rizka Indri Arfianti S.E., Ak., M.M., M.Ak.

Financial reports are often used by investors and the public to assess company performance for a certain period, especially information about company profits because it shows the company's ability to generate profits. But not all companies always generate profits in a period. So as to attract investors, companies increase or decrease profits so that financial statements are seen well in the eyes of investors and the public. This action of increasing or decreasing profits is called earnings management. The purpose of this study is to determine whether profitability, leverage, institutional ownership, audit committees affect earnings management.

Earnings management is an attempt by managers to intervene and influence information in financial reports to trick stakeholders who want to know the performance and conditions of the company. In agency theory, conflicts caused by earnings management practices are caused by differences in interests between shareholders and company management, for example managers as agents assigned by the principal to make financial reports, but there are other motivations that cause managers to do earnings management.

The object in this study is a mining company listed on the IDX for the period 2015-2017, with a sample of 38 companies with an observation period of 3 years. The tests carried out in the form of descriptive statistical analysis, coefficient similarity test, classic assumption test, and multiple regression analysis test.

Based on the results of this study, the profitability variable has a sig value of 0,000 (<0.05) and the value of t in a positive direction which means that profitability has a positive effect on earnings management. The leverage variable has a sig value of 0.101 (> 0.05) which means leverage does not affect earnings management. Institutional ownership variables have a sig value of 0.209 (> 0.05) which means that institutional ownership does not affect earnings management. The audit committee variable has a sig value of 0.352 (> 0.05) which means the audit committee has no effect on earnings management.

The conclusion of this study shows that profitability has a positive sufficient evidence effect on earnings management. Leverage, institutional ownership, audit committee do not have enough evidence to affect earnings management.