

## **ABSTRACT**

### **INFLUENCE OF EARNINGS MANAGEMENT TO FIRM VALUE WITH THE CHARACTERISTICS OF AUDIT COMMITTEE AS A MODERATING VARIABLE ON MANUFACTURING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE IN PERIOD OF 2007 - 2011**

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This study aims to empirically examine the influence of earnings management to firm value with the characteristics audit committee as a moderating variable. Earnings management is measured with discretionary accrual by modified Jones model. The value of the firm is measured by using proxy Tobin's Q. Three proxies used for characteristics audit committee are independency of audit committee, financial expertise of audit committee, and size of audit committee.

This study used a sample of manufacturing firms during the years 2007-2011 by using purposive sampling method. The data used were obtained from annual reports listed manufacturing companies BEI. There are 41 companies during the years 2007-2011 that meet the criteria. The method of analysis used in this study is multiple regression analysis.

This research of study shows that earnings management have a positive influence to firm value. Result of the test to moderate variable shows that only financial expertise of audit committee can influence the relation between earnings management and firm value.

**Keywords:** Firm Value, Earnings Management, Characteristics of Audit Committee, Multiple Linear Regression Analysis, Manufacturing Firm.