

ABSTRACT

Earnings management is an attempt to engineer the numbers in financial statements by playing with accounting methods and procedures used by the company. earnings management can be said as the behavior of managers to play with accrual components in determining the size of profits, because accounting standards do provide various alternative methods and procedures that can be utilized.

The independent variables in this study are KAP size, auditor specialization and audit tenure. The dependent variable in this study is earnings management. This study aims to analyze the effect of KAP size, auditor specialization and audit tenure on earnings management in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017.

The population in this sample are manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017. The analytical method used is testing descriptive statistics and panel data regression analysis using Software Eviews version 9. The sample selection technique uses purposive sampling and obtained 59 manufacturing companies with a three-year study period, namely 2015-2017 so that 177 samples were obtained in this study.

The results of this study indicate that KAP size, auditor specialization and audit tenure have an effect on simultaneously on earnings management. Partially, KAP size and auditor specialization do not have significant effect on earnings management. While audit tenure has a negative effect on earnings management.

Based on the results of the study, the authors provide suggestions that further researchers are expected to use a sample of research other than manufacturing companies because they know how earnings management practices in other companies other than manufacturing companies in Indonesia and for companies to provide information and make this research an illustration of the factors factors that can affect earnings management. So that it can reduce the factors that influence the earnings management.

Keyword: *earnings management, size KAP, auditor specialization and audit tenure*