

ABSTRACT

Earnings quality reflects the actual performance of the company in generating operating income. Earnings quality can be an indication of the ability of earnings information to respond to the market. In addition, the quality of earnings gets attention and plays an important role in making investment decisions for investors and various parties.

This study aims to determine the effect of audit committees, independent commissioners, institutional ownership, free cash flow, and leverage on earnings quality in food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2016 – 2019 period. The population in this study were all companies. There are 28 food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2016 – 2019 period. While the sample used as many as 20 samples with a total data in this study of 80 data. Then the data in this study were analyzed using descriptive statistics and panel data regression.

The results showed that the audit committee, independent commissioners and institutional ownership, free cash flow, and leverage had a significant effect on earnings quality. Partially, audit committee has a significant positive effect, independent commissioners have no significant effect, institutional ownership has no significant effect, free cash flow has no significant effect, leverage has a negative and significant effect on earnings quality.

It is recommended for further researchers to be able to use research objects in other sectors by extending the research time so that the relationship and influence on earnings quality is increasingly reflected. For companies, it is necessary to consider other factors (besides the audit committee and leverage) that will make the company's financial statements improve the quality of their earnings, so that the profits generated are of high quality. For investors, to consider audit committee factors and leverage, so that they can assist in making investment decisions.

Keywords : Audit Committee, Earnings Quality, Free Cash Flow, Independent Commissioner, Institutional Ownership, and Leverage.