ANALYSIS THE IMPACT OF OWNERSHIP STRUCTURE ON EARNING MANAGEMENT MODERATED BY BOARD INDEPENDENCE IN COMPANIES LISTED ON INDONESIA STOCK EXCHANGE

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Abstract

The objective of this research is to analyze the impact of ownership structure on earnings management moderated by board independence in companies listed on the Indonesia Stock Exchange. The earnings management is measured by modified Jones Model. The independent variables used are family ownership, managerial ownership, institutional ownership, foreign ownership, and external block holders. The moderating variable used is board independence.

The sample used for research consisted of 2010 observation data which is 402 companies on the IDX for the period of 2013-2017 using purposive sampling method. The annual report used for this research is the published company data (www.idx.co.id). The data were tested using panel regression.

The result of this research concluded that family ownership has significant negative effect on earnings management and there is a significant impact by the moderating board independence. As with managerial ownership, institutional, foreign, and external block holders, no significant effects were found, nor was the moderation of it found to have a significant effect.

Keyword: earnings management, ownership, moderating, board independence