THE EFFECT OF POLITICAL CONNECTION, OWNERSHIP STRUCTURE, PROFITABILITY, AND LEVERAGE ON EARNING QUALITY OF COMPANIES THAT LISTED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aimed to evaluate the influence of political connections, family ownership, managerial ownership, institutional ownership, profitability, and leverage on earnings quality. The measurement of earnings quality in this study used the discretionary accruals model of Jones.

This study used the entire data of companies listed on the Indonesia Stock Exchange met the criteria. Samples taken consisted of 472 data from during 2014 to 2019. The application of the method used for sample selection was purposive sampling. The model chosen to analyze this study was the panel regression with the Fixed Effect Model.

The results of this study indicate that political connections, family ownership, institutional ownership, and leverage have no significant effect on earnings quality. While managerial ownership has significant negative effect and profitability has significant positive effect on earnings quality.

Keywords: earnings quality, political connections, family ownership, institutional ownership, managerial ownership, profitability, leverage