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THE IMPACT OF CORPORATE GOVERNANCE, MANAGERIAL OWNERSHIP, AND FINANCIAL DISTRESS ON EARNINGS MANAGEMENT IN COMPANIES LISTED ON INDONESIA STOCK EXCHANGE

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Abstract

This study aims to identify the impact of corporate governance, managerial ownership, and financial distress on earnings management of companies listed on Indonesia Stock Exchange (IDX). Earnings management as dependent variabel is measured using modified Jones model. Variables used in this study were corporate governance including board size, audit committee independence, managerial ownership, financial distress, firm size, firm performance, leverage, and growth.

Purposive sampling was implemented in this study. This study used 1.995 data or equal to 399 companies listed on IDX in the period 2013-2017. The data were tested with panel regresion using the statistic and eviews softwares.

The results showed that financial distress, firm size, firm performance, leverage, and growth have the significant impact on earnings management in both positive and negative ways. While board size, audit committee independence, and managerial ownership were not able to affect earnings management activity significantly.

Keywords: *earnings management, corporate governance, managerial ownership, financial distress*