

ABSTRACT

Earnings management is a management action to choose certain accounting methods that would affect the earnings figures in the financial report. This is because, profit is an indicator often used by stakeholders especially investors in evaluate performance of a company so that management motivated to increase profit that are believed to have a good performance in managing company and using available resources. For some people, earnings management is considered legal action, but for others, think that earnings management as fraud. Therefore, it is necessary to study the factors that could affect for earnings management.

The purpose of this research is to understand institutional ownership, managerial ownership, the quality audit, earnings management on object research, and also determine the influence of institutional ownership, managerial ownership, and audit quality for earnings management.

This research is conducted with descriptive method which supported by verification that is causality. The unit analysis in this research is the report of a finance company sub sector coal listed Indonesia Stock Exchange. The sampling technique of this research is used by purposive sampling and obtained 8 sub-sector coal companies with a period of 4 years, starting from the year 2012 until 2015 to obtain 32 samples as observation material. Methods of data analysis in this research is panel data regression using software Eviews 9.0.

The results showed that institutional ownership, managerial ownership, and the audit quality were simultaneously significant effect on earnings management. Partially, institutional ownership has no significant effect on earnings management, while managerial ownership influence significantly the negative direction and quality of the audit significant influence with a positive direction to earnings management.

For future research is recommended to extend the period of the study, adds another independent variable to determine the effect on earnings management in different industries. For companies, it is advisable to prepare financial statements in accordance with the actual situation without selecting any accounting policies that may affect the value of earnings. For investors as users of financial statements, based on research results suggested in investing should choose a company with a large number of managerial ownership and due attention to the quality of KAP being an independent auditor of a company that does not take the wrong investment decisions. Because, based the research found that a large number of managerial ownership and audit quality of non bigfour can minimize earnings management.

Keywords: Institutional Ownership, Managerial Ownership, Audit Quality, Earning Management