

Abstract

The principles of corporate governance are needed to achieve the company's goals, vision, and mission that remain concerned with interested parties. Profit management occurs when managers use considerations in financial reporting and establish transactions to alter financial statements in order to manipulate the amount of earnings to stakeholders about the underlying economic performance of a company or to influence the outcome of an agreement depending on the accounting figures reported. The purpose of this research is to know the influence of CEO Duality, Top share, and Foreign Ownership to Earning Management.

In this research, Good Corporate Governance mechanism is assessed with CEO Duality, Top Share, and Foreign Ownership. And for earning management using Discretionary accruals calculations from Jones modified model. The selected population in this research is the company which is incorporated in LQ45 index stock period 2013 - 2015. For the sample selected as many as 15 companies that become permanent members of LQ45 index period 2013-2015 period. Hypothesis testing in this study using panel data regression.

The result can be seen that from these three variables, Foreign Ownership has a significant effect on earning management. This is in contrast to some previous studies which mention foreign ownership has no significant effect. This study proves that foreign ownership can have a significant effect on earning management. And simultaneously or wholely that CEO Duality, Top Share, and Foreign Ownership have a significant effect on Earning Management.

Keywords: Good Corporate Governance, Discretionary accruals, Duality CEO, Top Share, Foreign Ownership.