

ABSTRACT

Earnings management can be defined as the management intervention of the company to choose policies in determining earnings in the preparation of financial statements. This is done by motivation to show good performance to investors and get their own benefits.

The independent variables in this research are managerial ownership, leverage, and profitability. The dependent variable in this research is earnings management. This research aims to analyze the effect of managerial ownership, leverage, and profitability on earnings management in manufacturing sector companies listed on the Indonesia Stock Exchange.

The population in this research are manufacturing sector companies listed on the Indonesia Stock Exchange in 2014-2017. Sample selection technique using purpose sampling and obtained 91 companies with observations for four years so that 296 samples were observed. The analysis technique used in this research is panel data regression analysis using the Eviews 9.0 application.

Based on descriptive analysis obtained values for each variable, namely the independent variable managerial ownership has an average value of 0,0356 and a standard deviation value of 0,0636. Independent leverage variable has an average value of 0,4522 and a standard deviation value of 0,1938. Independent profitability variable has an average value of 0,0427 and a standard deviation value of 0,0681. Dependent earning management variable has an average value of 0,0382 and a standard deviation value of 0,0953.

Based on the results of the research the independent variable managerial ownership, leverage, and profitability can only explain the dependent variable earning management by 3,54% and the remaining 96,54% is needed by other variables outside the research. Partially, on managerial ownership, leverage, does not affect earnings management. While the profitability variable has a positive influence on earnings management. Simultaneously shows that managerial ownership, leverage and profitability have significant effect on earnings management.

Keywords: Managerial Ownership, Leverage, Earnings Management and Profitability.