

ABSTRACT

Earning is one of the information that can be used by the public for investment making decision. To make the company appear to be performing, management does practices earning management so that the earning served are able to attract public interest. Motivation of management to do earning management are to attract investors (income increasing) or tax motivation (income decreasing).

This study aims to determine the effect of financial distress, tax lanning, firm size, audit committe and audit quality on earning management infrastructure, utilities and transportation company listed on Indonesia Stock Exchange period 2015-2018. The data used in this study were obtained from the 2015-2018 annual report and audited financial statements.

The population of this research is infrastructure, utilities and transportation company listed on Indonesia Stock Exchange period 2015-2018. The sample was determined using purposive sampling method from 29 company samples with a total of 88 final observation data, after deducting 64 disturbing outlier data. The statistical analysis used is data panel regression analysis..

The results showed that financial distress, tax planning, firm size, audit committee and audit qualiti simultaneously had an effect on earning management. Meanwhile partially, financial distress, tax planning, firm size, audit auqlity have no effect on earning management, only the audit committee has negative effect on earning management.

Further research can retest the variables that do not support the hypotheses on the other object with different observation periods. For the investors are advised to pay more attention to the factors that can influence the company to do earning management and investors can be more careful in making decisions.

Keywords: earning management, financial distress, tax planning, firm size, audit committee, and audit quality.