

ABSTRACT

Earnings management is an activity performed by manager's to trick principal's by providing improper financial report. Earnings management is influenced by the desire to fulfill one's own interest regardless of the interest of others. The variables affecting earnings management are market power and market competition.

This study aims to determine the influence of market competition and market power both on earnings management in the food and beverage sub-sector companies listed on the Indonesia Stock Exchange 2014-2018. In this study, market power and market competition are independent variables. Meanwhile, earnings management is the variable dependent.

The population in this study is the food and beverages sub-sector company. The sampling technique used in this study was purposive sampling and obtained 14 companies with a research period of 5 years, in order to obtain a total sample of 70 companies. The analysis technique used in this research is panel data regression and uses the Eviews application.

Based on the research conducted, it shows that market power and market competition has a simultaneous effect on earnings management in the sub-sector food and beverage listed on the Indonesia Stock Exchange in 2014-2018. Partially, market power have a positive effect on earnings management in sub-sector food and beverage listed on the Indonesia Stock Exchange in 2014-2018. Market competition has no effect on earning management in sub-sector food and beverage listed on the Indonesia Stock Exchange in 2014-2018.

Suggestions for the company, even though market competition has no effect on earnings management, the company must still carry out branding as much as possible. The suggestion for investors is that investors are expected to consider market power can lead to earnings management.

Keyword: Market Power, Market Competition, and Earnings Management