# **ABSTRACT**

Eunike Meylianny Ferdian / 30150297 / 2019 / The Effect of Managerial Ownership, Audit Comittee, KAP size, And Leverage on Earnings Management in Manufacturing Companies Listed in Indonesia Stock Exchange from 2015 to 2017 / Advisor : Rizka Indri Arfianti S.E., Ak., M.M., M.Ak.

Financial reports are often used by investors and the public to assess company performance for a certain period, especially information about company profits because it shows the companys ability to generate profits. So that profits generated by companies can attract investors, companies can increase or decrease profits so that the financial statements look good in the eyes of investors and the public. This action of increasing or decreasing profits is called earning management. The purpose of this study is to determine whetever managerial ownership, audit comittee, KAP size, leverage affect earnings management.

Earnings management is interference in the external financial reporting process by having a goal to benefit oneself. In agency theory, conflicts caused by earning management practices are caused by differences in interests between shareholders and company management. Positive accounting theory, namely the bonus plan hypothesis, debt convenant hypothesis, and political cost hypothesis is the motivation of management to manage earnings by increasing earnings for the year.

The objects in this study were companies listed on the Indonesia Stock Exchange in 2015-2017, with a sample of 13 companies. The total sample of research is 39 companies with an observation period of 3 years. Tests carried out in the form of descriptive statistics, coefficient similarity test, classic assumption test, and multiple regression analysis test.

Based on the results of this study, the managerial ownership variable has a sig value of 0.147> 0.05 which means that managerial ownership has no effect on earnings management, the audit committee variable has a sig value of 0.065> 0.05 which means it has no influence on earnings management. The KAP size has a sig value of 0.018 <0.05 with a positive regression coefficient direction, which means that the KAP size has no effect on earnings management because it has a different direction of the regression coefficient results with the hypothesis. The leverage variable has a sig value of 0.005 <0.05 with a positive regression coefficient direction which means that leverage has a positive influence on earnings management.

The conclusion of this study shows that managerial ownership, audit committee and KAP size are not enough evidence to influence earnings management. Leverage has enough evidence of a positive effect on earnings management.

Keywords: Earnings Management, Managerial Ownership, Audit Comittee, KAP size, Leverage