

The Effect Of Audit Committee, Institutional Ownership And Percentage Public Share On Earnings Management Activity

by Prof. Sukirno, Ph.D. dkk

ABSTRACT

The aim of this study was to examine whether the audit committee, institutional ownership and the percentage of public share have an effect on the earnings management activity in banking companies listed in Indonesian Stock Exchange. The samples of this study are 26 banking companies which had been listed in Indonesia Stock Exchange (IDX) from 2011 to 2014. Samples were drawn by using purposive sampling. Descriptive statistics with tabulations and charts and we used regression analysis to analyze data and test hypothesis. It was found that audit committee negatively correlated with the earnings management activity in the companies. Less independency in the member of audit committee caused lack of quality financial reporting presented by management. Subsequently, institutional ownership had positive relations with earnings management. Furthermore, audit committee, institutional ownership and percentage of shares offered to public hearing are simultaneously shown to reduce earnings management practices.

Kata Kunci: Audit Committee, Institutional Ownership, The Percentage Of Public Shares, Earnings Management, Banking Firms, Indonesia Stock Exchange