

ABSTRACT

INFLUENCE OF MANAGERIAL ABILITY ON EARNINGS MANAGEMENT WITH MANAGERIAL OWNERSHIP AS A MODERATING VARIABLE

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The purpose of this study is to examine the influence of managerial ability on earning management by managerial ownership as a moderating variable. Managerial ability is measured using Data Envelopment Analysis (DEA) to measure the level of efficiency manager. Earning management is measured with discretionary accrual using modified Jones model. Managerial ownership is performed as percentage of outstanding shares held by directors and or commissioners.

This study used a sample of manufacturing companies during the years 2011-2013 by using purposive sampling method. The data used were obtained from annual reports listed manufacturing companies BEI. There are 90 companies during the years 2011-2013 that meet the criteria. The method of analysis used in this study is multiple regression analysis.

The result shows that earning management is not influenced by managerial ability, while managerial ownership did not have any effect on the relationship between managerial ability and earning management.

Keywords: earning management, managerial ability, managerial ownership, Data Envelopment Analysis (DEA).