

## ABSTRACT

### THE EFFECT ANALYSIS OF MANAGER MOTIVATION AND INFORMATION ASYMMETRY TO EARNINGS MANAGEMENT PRACTICES IN *FOOD AND BEVERAGES* COMPANIES WHICH WERE LISTED IN INDONESIA STOCK EXCHANGE

By

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*The purpose of this research is to obtain empirical evidence about the effect of manager motivation and information asymmetry to earnings management practices. According to Agency Theory, individuals are motivated by self-interest giving rise to a conflict of interest between principal and agent.*

*The population in this research is all company in food and beverages sector at the Indonesian Stock Exchange in 2009-2012. The data used in this research are secondary data and sample selection using purposive sampling method. Based on the results of purposive sampling, obtained 17 companies that presented 94.44% of population by 18 food and beverages companies. In this research, earnings management is measured by using Friedlan Model to calculate discretionary accruals. Manager motivation is measured by using debt covenants motivation. To identify the debt covenants is by using Debt to Equity Ratio, a proxy of leverage level. And for information asymmetry variable is measured by using cumulative abnormal return. Data are analyzed using multiple regression analysis with SPSS software version 17.00.*

*Empirically, results of statistical tests showed that manager motivation variable has significant effect on earnings management, while the information asymmetry variable has no effect on earnings management.*

**Keywords:** *earnings management, discretionary accruals, manager motivation, information asymmetry*