

## **ABSTRACT**

### **AN EFFECT ANALYSIS OF PERCENTAGE OF SHARE OWNERSHIP STRUCTURE TOWARD PROFIT QUALITY WITH CORPORATE GOVERNANCE AS AN INTERVENING VARIABLE**

By

Surya Prasetya Trihatmaja

This research aims to analyze the factors which affect earnings quality, in terms of the percentage of shareholding structure of the company, described in family, managerial and institutional ownership structures. In addition, this research also examines the role of corporate governance variable as intervening variable between ownership structures with earnings quality.

This research was conducted with the scope of non-financial companies listed in Indonesia Stock Exchange and also participated in corporate governance index measurements performed by the Indonesian Institute of Corporate Governance (IICG) during the period 2008 to 2012. The approach to measuring the quality of earnings uses a multidimensional measure consisting of: the persistence of accruals and the absence of earnings management. Afterwards, the method used in this research is the method of regression analysis with the test of Partial Least Square (PLS) and factor analysis for intervening variables using SmartPLS software.

The research shows that family, managerial and institutional ownership structures have a significant positive effect on earnings quality by measuring the absence of earnings management, while the persistence of accruals on the third measurements could not be able to have a significant influence toward the quality of earnings. The effect of mediation would only be shown in the managerial and institutional ownership structures, whereas the family ownership structure is not able to show the effect of mediation between the two variables.

**Keywords** : Family, Managerial, and Institutional Ownership Structures, Corporate Governance, Earnings Quality, Intervening Variable, SmartPLS, IICG.