

ABSTRACT

INFLUENCE OF MANAGERIAL SKILLS ON EARNINGS MANAGEMENT WITH THE COMPOSITION OF THE BOARD OF COMMISSIONERS AS A MODERATING VARIABLE

By

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This study aims to empirically examine the effect of managerial skills on earnings management by the composition of the board of commissioners as a moderating variable. Managerial skills were measured using Data Envelopment Analysis (DEA) to measure the level of efficiency manager, Earnings management as the dependent variable is measured by discretionary accrual from the Modified Jones models, the composition of the board of commissioners was measured by dividing the total of independent commissioners to total board of commissioners.

This study used a sample of manufacturing firms during the years 2009-2011 by using purposive sampling method. The data used were obtained from annual reports listed manufacturing companies BEI. There are 141 companies during the years 2009-2011 that meet the criteria. The method of analysis used in this study is multiple regression analysis.

This study found that managerial skills have a significant effect on earnings management, while the composition of the board of commissioners did not have any effect on the relationship between managerial ability and earnings management.

Keywords: Earnings Management, Data Envelopment Analysis (DEA), Multiple Linear Regression Analysis, Manufacturing Firm .