

ABSTRACT

The objective of this research is to empirically analyze the impact of geographic diversification and company diversification on earnings management with managerial ownership as a moderating variable. Earnings management is measured by Stubben model (2010).

The population in this study are manufacturing companies, consumer goods cluster in industry sector which are listed on the Indonesia Stock Exchange (IDX). Sample selection was carried out by purposive sampling from 2017 to 2019 with predetermined criteria, and finally 42 companies were obtained. Data analysis uses multiple linear regression analysis SPSS v.22 to analyze geographic diversification, company diversification, managerial ownership, and earnings management.

The results of this research reveal that company diversification has a negative effect on earnings management, but conversely the results obtained from geographic diversification have no effect on earnings management. Then managerial ownership cannot moderate the relationship among variables.

Keywords: Earnings management; geographic diversification; company diversification; managerial ownership.