

ABSTRACT

This research purpose is to know the influence of industry characteristics on earnings management in various industry Indonesia using earnings distribution model by Burgstahler and Dichev (1997). Industry characteristics that's been used for this research are competitive, leverage, capital intensity, earning volatility, and profitability. This research is the replica from Wasiuzzaman etc. (2015) which research is about the influence of prospect theory and industries characteristics of earnings management. But, in this research did not use variable the prospect theory as the motivation.

The type data used in this research is secondary data. This research is done by using the purposive sampling method. The population in this research are manufacture companies' industrial sectors listed in Indonesia Stock Exchange (IDX) from 2014-2016. Research samples include 91 total sample and 273 total observations from 3 different industries. The data analysis method used is logistic regression analysis. Statistic program in this research used SPSS 22.

The result of this research shows that capital intensity variable and profitability have a significant effect to earnings management to avoid reporting losses. Meanwhile, competitive leverage variable and earning volatility have no significant effect to earnings management to avoid reporting losses. In the other side, earning volatility variable and profitability have a significant effect to earnings management to avoid reporting decreases in earnings. Meanwhile, competitive leverage variable and capital intensity have no significant effect to earnings management to avoid reporting decreases in earnings.

Keywords: Characteristics industry, Leverage, Competitive, Capital intensity, Earning volatility, Profitability, Size of the industry, Earnings management