

ABSTRACT

The purpose of this study is to investigate whether managers do earnings management to meet earnings benchmark which reflection from association between prior earning performance, audit quality and firm size on earnings management in transportation firms in Indonesia. Managers may choose the best accounting methods for their firms.

This study used secondary data. The population of this study is transportation firms in Indonesia in year 2008-2015 whereas the samples consist of 104 firm observation during eight years in transportation firms in Indonesia, which issued their financial report during 2008-2015 and listed in bloomberg. Sampling method used is purposive sampling and the criteria is transportation firms which issued their financial report on bloomberg.

The result of this study show that prior earnings performance variabel negatively and significantly influenced on earnings management. Audit quality variabel positively and significantly influenced on earnings management. Whereas size firms variabel negatively and significant influenced on earnings management.

Keywords : earnings management, prior earnings performance, audit quality, firms size, transportation firms