

ABSTRACT

This study aims to examine the effects of state ownership, firm size, return on asset, non operating income and leverage on the accrual-based earnings management in publicly listed state-owned enterprises and privately owned enterprises. The purpose of state ownership in the firms is to provide the information about the percentage of state ownership which it give an important role and control from the government in mitigating the pressure on managers to manipulate or manage their earnings. Some benefits of this study is to determine whether the state-owned enterprises (SOE) or privately-owned enterprises (POE) manage more their earnings under the accrual-based accounting.

The population in this study are all of the state-owned enterprises and the privately-owned enterprises listed on the Indonesia Stock Exchange (IDX) 2012-2014. Samples were selected based on predetermined criteria which the number of privately-owned enterprises are 20 samples followed by the number of state owned enterprises which listed in IDX. The number of companies used as samples were 109 observations. Regression analysis was used as a main analysis tool.

The result of this study find evidence that the state ownership decrease accrual-based earnings management. However, this research does not find evidence that firm size, return on asset, non operating income and leverage variables have affect on accrual-based earnings management.

Keywords: accrual-based earnings management, state ownership, firm size, return on asset, non operating income, leverage.