

ABSTRACT

This study aims to analyze and provide empirical evidence of the influence of ownership structure on earnings management. The hypothesis (1) There are negative effects of insider ownership on earnings management, (2) There is a negative effect of ownership on earnings management institutions, and (3) There are negative effects of external ownership of the block-holders against earnings management.

This study uses data manufacturing companies listed on the Stock Exchange 2007-2009, with criteria publish financial statements as of December 31 in a consistent and complete from the year 2007-2009, the company does not delisting during the period 2007-2009, have positive earnings in a consecutive three-year respectively during the years of the study samples were obtained by purposive sampling. Data were analyzed with multiple regression analysis.

The results showed that there is the influence of ownership structure on earnings management, which are indicated by (1) There are negative and significant effect of insider ownership on earnings management, so the first hypothesis is accepted (2) There are negative and significant influence of ownership on earnings management institutions, so that The second hypothesis is accepted and (3) There are negative and significant influence of ownership of an external block-holders against earnings management, so the third hypothesis is accepted.

Keywords: *ownership structure, insider ownership, ownership of institutions, ownership of the external block-holders, earnings management*