

ABSTRACT

The existence of a trade war between America and China with negative impacts on various countries including Indonesia, one of which is financial distress to companies. This condition is thought to be the cause of the company to practice earnings management. The level of earnings management behavior by several factors, including financial distress, size, leverage, operating cash flow, audit quality, ownership concentration, and growth.

This study was conducted to analyze the effect of financial pressure, size, leverage, operating cash flow, audit quality, ownership concentration, and growth as independent variables on earnings management as the dependent variable, and the global financial crisis as a moderating variable. This study uses Discretionary Accruals as a proxy for earnings management which is calculated using a modified Jones model. The data selection method used was purposive sampling. The total sample used was 50 manufacturing companies listed on the IDX in 2007-2017. Data analysis was performed using multiple linear regression analysis method.

Based on the results of data analysis, it can be seen that the data used in this study are normally distributed, there is no multicollinearity, free of autocorrelation and free of heteroscedasticity. The results showed that financial distress, leverage, operating cash flow, ownership concentration had a significant negative effect on earnings management. Audit quality and growth have a significant positive effect on earnings management, while size has no significant effect on earnings management, and the global financial crisis does not moderate the relationship between financial distress and size on earnings management.

Keyword: Earnings Management, Financial Distress, GFC, Size, Leverage, Operating Cash Flow, Audit Quality, Ownership Concentration, Growth.