ABSTRACT

The purpose of this research is to know how deferred tax liabilities, firm size, ownership concentration affect earnings management to avoid earnings decline. Earnings management is an activity of manipulating earning information in the financial statements performed by corporate managers with the aim to protect the interests of the company and gain profits. Earnings management can be done by choosing an accounting method that meet company expectation as long as the method does not on contrary to the applicable Financial Accounting Standards.

Population in this study are companies that is consistently included in LQ45 and listed on the Indonesia Stock Exchange during the period 2017-2019. Sample in this research are 54 companies. Sample was obtained by using purposive sampling method based on certain criteria. The method of analysis used in this research is multiple regression analysis.

The result of multiple regression analysis shows that accrual and deferred tax liabilities variable have significant positive effect to earnings management. These results prove that the higher company's accruals and deferred tax liabilities cause the greater possibility of the company's earnings management action. On the other hand, firm size and ownership concentration variable have a significant negative effect to earnings management. This indicates that the larger firm size or ownership concentration cause the possibility of companies in the earnings management is getting smaller.

Keywords: deferred tax liabilities, firm size, ownership concentration, earnings management.