

ABSTRACT

This study examines the effect of the characteristics of the board of directors on accrual earnings management and real earnings management and investigate the mediating relationship of the effect of entrenchment and the effect of incentives through the characteristics of the board of directors on earnings management.

The sample 195 manufacturing sector companies listed on the Indonesia Stock Exchange for the year 2017-2019. Data analysis technique used multiple linear regression.

The results of this study indicate that the educational background of the board of directors has no effect on accrual earnings management, but has a positive effect on real earnings management. Work experience has an effect on earnings management, both accrual and real. Both LBP and PK of the board of directors have a positive effect on the entrenchment effect. The entrenchment effect has a positive effect on earnings management, both accrual and real. Both LBP and the work experience of the board of directors have a positive effect on the incentive effect. The incentive effect has a positive effect on earnings management, both accrual and real.

Keywords: Earnings Management, Educational Background, Work Experience, Entrenchment Effect, Incentive Effect.