

ABSTRACT

This study to examine the effect of managerial ownership and institutional ownership to earnings management. Modified Jones Model is used to estimate discretionary accruals (income increasing, income decreasing, or income smoothing) in this study. The financial sector has been chosen because of a study sample reported a high profit. Data analysis using multiple linear regression. The test results found that the effect of managerial ownership on earnings management is negative while institutional ownership has no effect on earnings management.

Key words: managerial ownership, institutional ownership, earnings management, accrual discretionary