

ABSTRACT

This study aims to examine the effect of related party transaction on accrual earnings management practices of companies listed on Indonesia Stock Exchange in 2015-2021 by considering the company's ownership concentration. This study uses the dependent variable (accrual earnings management), independent variable (related party transaction), moderating variables (ownership concentration), and control variables (HIGOV, BIG4, AUDCOMM, LEV, SIZE, OCF, ROA, LOSS).

The population of this study are industrial companies listed on the Indonesia Stock Exchange in 2015-2021. By using purposive sampling in sample selection, 182 research sample were obtained for 7 firm-years. Accrual earnings management is measured using the modified Jones model. This study uses multiple regression analysis to examine the hypothesis.

The findings of this study reveal that related party transaction has no influence on earnings management. Meanwhile, concentration ownership has negative and significant influence on the relationship between related party transaction and accrual earnings management.

Keywords: related party transaction, accrual earnings management, ownership concentration.

