ABSTRACT

This study aims to analyze the effect of related party transactions and political relations on earnings management: good corporate governance as a moderating variable. Earnings Management is measured by discretionary accruals. This study also uses moderating variables, namely corporate governance as proxied by institutional ownership and managerial ownership.

The research sample consists of manufacturing companies listed on the Indonesia Stock Exchange (IDX). This study uses financial statement data for 2015 - 2019. The data analysis technique used is Moderated Analysis Regression (MRA) with the SPSS version 25. The results show that related party transactions have no effect on earnings management and political relations have an effect on earnings management.

Keywords: related party transactions, political relations, institutional ownership, managerial ownership and earnings management.

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