

ABSTRACT

Earnings that don't show the actual information about management performance makes questionable quality of earnings. It can mislead the financial report user's. The purpose of this study is to provide empirical evidence about company external factor as investor protection and culture that affect earning quality of family firms.

The population in these study are nonfinancial companies in Asia and Australia. By using purposive sampling method, there are fourty nonfinancial firms that their shares at least 20% owned by individual or family in Asia and Australia and rated by Standard & Poor's as sample. The statistic method that used to test the hypotheses are simple regression analysis and interaction analysis.

Based on the examination of family firms in around 8 countries, this study reveals that simultaneously family ownership, investor protection and culture have significant relationships with earning quality. However, only family ownership that have significant relationship with earning quality individually, while both of investor protection and culture have no significant relationship with firms earning quality. For future research expected to identify the control rights of each shareholders to the evident division of the company's control.

Keywords: investor protection, culture, family ownership, and earning quality

