UTANG, DIVERSIFIKASI DAN MANAJEMEN LABA

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ABSTRAK

***Abstract* -** The purpose of this research is to explain is there any significant relation between corporate's debt that supported by diversification and earnings management practice. This research use two earnings management measure to give better understanding of debt and earnings management. The result from two earnings management measurement models that used are different. By using McNichols model (2002) the result show that debt reduce earnings management because of financial supplier's monitoring. But when diversification is moderate between debt and earnings management, debt have positive relation with earnings management. Unlike Jones short term cash flow and lagged accruals model in Pae (2005), the result show that debt is not significant with earnings management, but diversification is positive significant with earnings management, it's shows diversification increase corporate's complexity where information asymmetry cause earnings management become undetectable.

Keywords : *Earnings management, Debt, Diversification, Discretionary accruals.*