

ABSTRACT

This study aimed to analyze the effect of the convergence of International Financial Reporting Standards (IFRS) and the ownership structure of banks on earnings management in the banking industry sector. The indicator of IFRS convergence based on the financial reporting period. The period before IFRS are the 2009, 2010 and 2011. While the period after IFRS are the 2012, 2013 and 2014. Variable ownership structure consists of the structure of government ownership and foreign ownership structure. Measurement is based on the ownership percentage of shareholding in the banking company.

The population in this study consists of all conventional commercial banks to publish financial statements in the period of 2009-2014. Sample selection is done using purposive sampling method that produces 14 samples banking company. Data analysis technique used is descriptive statistics, test classic assumptions and hypothesis testing.

The results showed that the convergence of IFRS and foreign ownership structure of significant positive effect on earnings management. While the ownership structure of government no significant effect on earnings management. The results also show that earnings management in government banks is higher than the foreign banks and private banks.

Keywords: Convergence IFRS, Possession Government, Foreign Ownership, Profit Management.