Family CEO and earnings management in Indonesia: does separation of control right and cash flow right moderate the result?

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Abstract

This paper aims to examine the influence of family CEOs on earnings management. Further, this research was also performed to find out whether the separation of control rights and cash flow rights moderates the tendency of family CEO to perform earnings management. This study utilised a quantitative approach and explored 597 firm year observations from public non-financial companies listed on the Indonesian Stock Exchange from 2013 through 2017. The analysis used panel data regression analysis. The results showed that family CEOs have a greater tendency to perform earnings management compared to non-family CEOs. The trend of family CEO performing earnings management is higher in firms with higher separation of control rights and cash flow rights.

Keywords

family chief executive officer, FCEO, chief executive officer, CEO, earnings management, control right, cash flow rights, CFRs, Indonesia
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