

ABSTRACT

This study aims to analyze and describe how sukuk is ranked by examining its determinants involving earnings management as intervening variable. This research is a quantitative research with explanatory and descriptive research types. Using secondary data in the form of company financial statements that was reported in Bursa Efek Indonesia. The data collected were analyzed using SmartPLS application software with structural equation modeling as well as factor analysis and path analysis to test hypotheses and to assess the mediating effect of the variables. The results showed that financial disclosure quality (FDQ) and accounting based risks (ABRS) have positive and significant effect on the sukuk rating. Meanwhile, earnings management do not have effect to sukuk rating. Then, earnings management negatively and significantly influenced by financial disclosure quality, but not affected by accounting based risks. Earnings management cannot mediate the relationship between financial disclosure quality and the sukuk rating as well as between accounting based risks and the sukuk rating. It is hoped that the results of this study can provide an overview for investors to pay more attention to the completeness and quality of financial reports rather than the existence of earnings management practices in terms of sukuk investment.

Keywords: financial disclosure quality, accounting based risks, earnings management, sukuk rating