ABSTRACT

THE ABILITY OF MANAGERS AND INTERNAL CONTROL EFFECTIVENESS FINANCIAL REPORTING (A STUDY CASE ON MANUFACTURING COMPANY SUB-SECTOR FOOD AND BEVERAGES LISTED ON IDX 2013-2015)

To achieving firm efficiency and also to maintain the quality of financial reporting, managers are jointly contributed in a management. The contribution itself can be helpful in measuring the managerial ability. Estimating total firm efficiency are define by how efficient firms to produce more revenues from a given set of outputs. A capable and competent manager, should have better comprehend in estimating future demand and trends will be affecting the total firm efficiency.

This research using the quantitative approach with a causal explanatory. The aim of this research is also to give explanations about related variables and the effect between the dependent variable and independent variable using hypothesis testing. The population in this research are 13 manufacturing company sub-sector food and beverages listed in Indonesia Stock Exchange from 2013-2015 with total sample 40. The period 2013-2015 is intended to get the depiction of the updated trend.

The result shows there is no association between the ability of managerial and the effectiveness of internal control over financial reporting. Mainly because the audit quality as an internal control proxies does not reflect much of firm efficiency. As audit quality showed by the result of high quality auditors, firm efficiency is the result of input and output of the year.

Keyword: Managerial Ability, Audit Quality