

ABSTRACT

The purpose of the study was to examine the motivation factors for earnings management practice among public listed companies in Kenya. Specifically, to establish the motivation behind the practice, establish the extent to which earnings management is practiced in the Companies, and also establish how the practice is perpetrated. Exploratory research design was adopted where all the 56 public listed Companies were considered. Questionnaire tools were used to collect the data. The return rate was 59%. The respondents were senior staff who worked in the finance department. The factors more likely to motivate the practice were: high shareholders expectations; public reputation, and management incentives based on company performance. Other motivators include; industry performance, pressure for management to show good results, poor accounting systems, profit warning issues, theft of company resources, taxation, investor confidence, pressure for higher wages, company sustainability, lack of qualified senior management team, Motivation of company staff with good results , to increase goodwill of shares performing poorly in the stock exchange, to safeguard management reputation, to meet the statutory requirements , to safeguard the tenure of senior management, and related party transactions. The study recommended regulation of various factors identified. Key words; Ethics, Earnings Management, Public Listed Companies, Management, Financial Reporting, Performance