

ABSTRACT

This study aims to examine the relationship between firm characteristics and corporate governance on earnings management. The characteristics of the company are proxied in variables leverage, profitability, firm size, and firm age. Where as corporate governance proxied by institutional ownership, managerial ownership, board size, and audit committee meeting frequency.

This empirical study uses a manufacturing company listed on the Indonesia Stock Exchange. Sampling is based on the method purposive sampling with certain criteria. The total sample obtained was 150 companies with 20 outliers. Multiple linear regression analysis is the analytical method used in this study.

The results of the research show that on company characteristics, variable leverage has a significant positive effect on earnings management, the firm size variable has a significant negative effect on earnings management, while the profitability and firm age variables have no significant effect on earnings management. While on corporate governance, the variables of institutional ownership and the size of the board of commissioners have a significant positive effect on earnings management, while the variables of managerial ownership and the frequency of audit committee meetings have no significant effect on earnings management.

Keywords: Earnings management, company characteristics, corporate governance