

## **ABSTRACT**

*Managers may choose the best accounting methods for their firms. The purpose of this study is to investigate whether managers do earnings management to meet earnings benchmark target of last year's earning performance with other factors which also influence earnings management behaviour it self such as audit quality, firm size and financial leverage.*

*This study used secondary data. The population of this study is transportation firms in ASEAN in year 2012-2014 and the samples of this study are 39 transportation firms in Indonesia, Thailand and Filiphine which issued their financial report during 2012-2014 and listed in bloomberg. Sampling method used is purposive sampling and the criteria is transportation firms which issued their financial report on bloomberg. The samples consist of 83 firm observation year.*

*The result of this study show that earnings performance variabel significantly influenced on earnings management. Audit quality variabel positively significantly influenced on earnings management. Size firms variabel negatively and significant on earnings management whereas financial leverage variabel not influenced on earnings management.*

*Keywords : earnings management, earnings performance, audit quality, firms size, financial leverage, transportation firms.*