

## ABSTRACT

*This research aimed to analyze the influence of leverage to earnings management and the ability to analyze the influence corporate governance consisting of institutional ownership, managerial ownership, audit quality, and independent commissioner in influencing earnings management on the listed manufacturing companies specifically consumer goods in Indonesia Stock Exchange during years 2009-2011.*

*In this research, there were one dependent variables, one independent variables, and four moderating variables. The dependent variable in this study is earnings management. The independent variable of this study is leverage. Measurement of earnings management using the Modified Jones (1995) as the best estimate of the ability estimate earnings management activities with minimum standard error and standard deviation. Independent variable in this study is leverage. Moderating variable in this study consists of institutional ownership, managerial ownership, quality audits, and independent board.*

*The results showed that leverage significantly influence to earnings management . moderating variables that influence the relationship of leverage to earnings management is institutional ownership. Meanwhile managerial ownership, the proportion of independent board and audit quality is not moderating variables.*

*Keywords:leverage, earnings management,corporate governance,managerial ownership,institutional ownership,the proprtion of independent board, audit quality*