

## **ABSTRACT**

*This study aims to analyze the effects of ownership structure and auditor quality on earning management of manufacturing sector in Indonesia. Earning management define as the management actions in the form of interference in the process of preparing the financial statements with the intent to increase personal prosperity and to enhance firm value. Independent variables used in this study were ownership structure (ownership of institutional and ownership of managerial) and audit quality (audit firm size, auditor independence and industry specialization auditor). Dependent variable used in this study is earning management.*

*The sample in this study were manufacturing sector companies listed in Indonesian Stock Exchange (IDX) in the periode 2009-2011. The number of sample used were 39 companies listed were taken by purposive sampling. The analysis method of this research used multiple linear regression analysis.*

*The result of this study showed that ownership of managerial and audit firm size had negative and significant influence to earning management; meanwhile ownership of institutional, auditor independence and industry specialization auditor had not significant effect to earning management.*

*Key Words : ownership structure, ownership of institutional, ownership of managerial, audit quality, audit firm size, auditor independence, industry specialization auditor, earning management*