

ABSTRACT

This study aims to examine the influence of auditor quality, corporate governance, leverage and financial perform towards earnings management in bank companies. Auditor quality in this study use auditor Big Four and auditor Non Big Four as a proxy of auditor quality. Corporate governance in this research intersect in three variables, such as managerial ownership, institutional ownership and the proportion of independent board commisioner. Leverage measure with total debt to divide total activa. Financial perform measure with Capital Adequacy Ratio (CAR) as a proxy of financial perform.

This study use documentary method from ICMD and annual reports of bank companies. The analysis method of this research using multiple regression. This study use data from bank companies from Bursa Efek Indonesia (BEI) in 2006 until 2008. Sample of this study are 66 bank companies.

Based on this study the result indicates auditor quality, managerial ownership, institutional ownership, and CAR has significant relationship in earnings management. The positive relationship in earnings management happen if the bank use auditor Big Four. The increasingly managerial ownership, institutional ownership, and CAR can make earnings management decrease in that bank companies. The proportion of independent board commisioner and leverage can't give significant effect to the earnings management.

Keywords: auditor quality, corporate governance, leverage, financial perform, earnings management.