

ABSTRACTS

This study aims to obtain empirical evidence and to analyze the effect of good corporate governance's mechanism such as audit committee meetings, board size of directors, board proportion of independent commissioners, board commissioners meetings, and managerial ownership; Profitability, Free cash flow, and Leverage on probability of earning management.

The population in this study was manufacture companies listed on the Indonesia Stock Exchange in 2011 to 2013. Total sample used in this study was 120 companies. Sampling method of this study is using purposive sampling method. Data analysis was performed with the descriptive statistic analysis, classical assumption tests, multicollinearity test, and hypothesis test with logistic regression analysis.

The results of analysis this study indicate that audit committee meetings have negative effect but not significantly on earning management, board size of directors effectiveness in a significant negative effect on earning management, board proportion of independent commissioners, board commissioners meetings, and managerial ownership have no significant effect on earning management, profitability and leverage have a significant effect on earning management, while free cash flow have no significant effect on earning management.

Keywords: *earning management, good corporate governance, audit committee meetings, board size of directors, board proportion of independent commissioners, board commissioners meetings, managerial ownership, profitability, free cash flow, leverage*