

## ***Abstract***

*This study aim to examine the influence of operational diversification and geographic diversification to earning management in mining and banking companies. Earning management measured by discretionary accrual, which is counted using Modified Jones model for mining companies and using Beaver and Engel (1996) model for banking companies. Geographic and operational diversification are measured by the number of firm's geographic and operational segments.*

*The population of this study used the entire mining and banking sector companies. There are 124 companies listed on Indonesian stock exchange companies in 2010-2011. This study used documentary method from annual reports of the companies obtained from Bloomberg. The analysis method of this research using multiple regression.*

*The result of this study indicates that operational diversification did not have significant influence to earning management on mining and banking companies. Higher geographic diversification decrease earning management on mining company. The more the banking company has geographic segments, the higher the company perfoms earning management.*

*Keyword : operational diversification, geographich diversification, earning management.*