

ABSTRACT

This study aims to examine the relation of institutional ownership, leverage, firm size and profitability to earnings management in manufacturing companies listed at Indonesia Stock Exchange. Earnings management as the dependent variable is measured by discretionary accrual.

The research was conducted using secondary data on manufacturing companies listed at Indonesia Stock Exchange. Purposive sampling method used for sampling and where 66 companies in the manufacturing category with the period 2009-2011 where selected as sample. The method of analysis used in this study is multiple regression analysis.

Based on the result shows that leverage and profitatbility have a positive and significance relation on earning management that defines the higher level of leverage and profitability can trigger increased earnings management. However institutional ownership and firm size have not any significance on the earnings management.

Keyword: institutional ownership, leverage, firm size, profitability, earning management