

## **ABSTRACT**

*This study aims to examine the effect of ownerships concentration, proportions of independent board directors, and institutional ownerships on earnings management in non-financial firms. The weakness of monitoring has been predicted as cause the existence of fraud on financial reporting. Application of good corporate governance has been belief as the solutioun to oppress the fraud. In this study ownership concentration was measured by accumulated stock that owned by block holders. Proportion of independent board directors was measured by amount of independent board ratio. Institutional ownerships was measured by accumulated stock that owned by institutional. Modified Jones models used to calculated the amount of earnings management. In this study using control variables size, and leverage.*

*Documentation method were used in this study using the data from firm annual financial report. The method of analysis data done by testing the hyphotesis using multiple regression method. The population of this study are non-financial firm which listed in Indonesia Stock Exchange (BEI) in 2009-2011 and 102 sample were obtained from the non-financial firm.*

*The result showing that ownership concentration has negative influence to the earnings management. The firm which had highly ownership concentration would be more capable to obstructing earnings management that did by firm management. Proportion independent board variable dont have any significant influence on earnings management. While the institutional ownership give positive influence on earnings management.*

*Keywords: earnings management, corporate governance, ownerships concentration, independent boards proportion, and institutional ownerships.*