

ABSTRACT

This study aims to examine corporate governance on earnings management. Independent variables in this study is the corporate governance structure that is the size of board directors, board of independent commissioners, reputation of auditors, audit committee, and company size. Dependent variable in this study were measured by earnings management using discretionary accruals.

The sample in this study were manufacturing companies listed in IDX (Indonesia Stock Exchange) in the periode 2008-2010. Methods of data collection using purposive sampling techniques to produce 94 samples of manufacturing firms. This study uses multiple linear regression for data analysis.

The results showed that the size of the board of directors and audit committee no significant effect on earnings management. While the independent commissioners, auditor reputation, and company size significantly influence earning management. Measurement of the size of the board of directors by adding up all the existing board of directors in the sample company, the board of commissioners of independent measurements using the proportion of the number of commissioners who come from outside the company divided by the total board of commissioners, auditor reputation measurement by using a dummy variable if included in the KAP (Public Accountant Office) Big 4 then it was coded 1 if not included in the KAP Big 4 are coded 0, measurements of the audit committee member sample, and measurement of company size variable by using the natural log of total asset.

Keywords : corporate governance, earnings management, size of board directors, board of independent commissioners, reputation of auditors, audit committee, and company size.